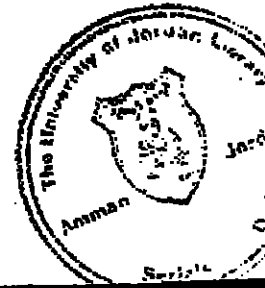


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## The GSS: Brains or brawn?

By BENNY MORRIS

Soon after assuming office in 1977, former prime minister Menachem Begin called in then General Security Service chief Avraham Ahituv and ordered him to switch from brawn to brain in bringing terrorists to justice.

In a written order, delivered to Ahituv after the meeting, Begin instructed that the service henceforth rely on the intelligence and wisdom of its operatives rather than on force. He specifically forbade the GSS to use force to extract confessions or information.

Speaking of the current GSS affair, an observer recently noted that "whereas Prime Minister Shimon Peres and Foreign Minister Yitzhak Shamir tend to regard the laws as hurdles, Begin regarded laws as signposts."

Haim Zadok, Labour's justice minister before the first Begin administration took office, said yesterday that he did not know of any GSS violence towards Arab prisoners before the Begin takeover.

Zadok was speaking against the backdrop of the GSS affair in which GSS chief Avraham Shalom is alleged to have ordered the killing of two Arab terrorists captured in the Tel Aviv-Ashkelon bus hijacking incident in April 1984.

Shalom, allegedly, then ordered his senior aides to organize a cover-up of the killing. This is said to have involved falsification of evidence and suborning of witnesses during the investigation of the killings by the Zorea and Blattman commissions of inquiry in 1984-85.

It is understood that Shalom and his senior aides, including his then deputy Reuven Hazak, spent months organizing the cover-up, which inevitably reduced the organization's effectiveness in that period.

The GSS's testimony before the Zorea and Blattman probes inevitably left the finger of blame pointing at then Atlat (now Aluf) Yitzhak Mordechai, who was tried and cleared by an internal army court of causing grievous bodily harm to the two captured Arabs.

Observers believe that in any major new investigation of the incident and the cover-up, Mordechai's role, as well as the GSS role, in the terrorists' death will inevitably come under review.

The Zorea Commission, set up days after the killings by then prime minister Yitzhak Shamir and then defence minister Moshe Arens at then attorney-general Yitzhak Zamir's insistence, consisted of only one IDF figure - IDF inspector-general Meir Zorea - and a senior GSS officer. The composition of the commission, which was checking the alleged offences by the IDF and GSS, was severely criticized at the time by legal circles but proved unable to change the ministers' minds about its composition.

Minister-without-Portfolio Ezer Weizman was quoted yesterday in an interview in *The Washington Post* as saying that if the allegations against Shalom were true, there was no doubt that Shamir had known about what had happened.

Weizman is the only inner cabinet member who has called for a thorough investigation of the affair.

## World Cup results

QUERATARO, Mexico (Reuter). - West Germany, true to their tradition of getting it right when they have to in major tournaments, came from behind to beat Scotland 2-1 in a gripping World Cup Group E game yesterday. Gordon Strachan gave Scotland the lead in the 18th minute but Rudi Voller equalized only four minutes later. The winner came from Klaus Allofs in the 50th minute.

In Toluca, Belgium scored twice in the first 20 minutes and then struggled to a 2-1 Group B victory over Iraq. (More World Cup p.3)

## Tension between IDF and settlers

### Hebron women demand more security

By JOEL GREENBERG

Jerusalem Post Reporter  
 Women settlers from Hebron demonstrated yesterday with their children and with Ethiopian immigrants, demanding increased security in the city, as tension flared over the weekend between the army and settlers over Friday's stabbing of an Ethiopian immigrant near the casba.

The demonstration, by about 30 women, followed reports of incidents over the weekend between settlers and the army in the aftermath of the stabbing. Informal sources said a group of settlers had tried to attack Arabs near the site of



Keeping cool in yesterday's sweltering weather, which the weatherman says is to continue hot and dry. (IPPA)

## Assures U.S. 'no more spying activities'

### Israel seeks to put end to Pollard spy affair

By BENNY MORRIS

Post Diplomatic Correspondent  
 Israel yesterday tried to put an end to "the Pollard affair" by officially reassuring the U.S. "that there are no spying activities being carried out by Israel against the U.S."

In an announcement read out to the cabinet by Prime Minister Peres yesterday, with the approval of Foreign Minister Shamir and Defence Minister Rabin, the government declared that "Israel was in close touch with the American administration in order to clarify the various issues that were recently raised."

The reference appears to have been to U.S. media reports alleging that Pollard and his wife, charged with spying for Israel, were only the "tip of the iceberg" and that Israel's espionage activities in the U.S. were far more widespread and significant.

The Peres statement, endorsed by the full cabinet, attacked the recent "wave of baseless publications" in the U.S. concerning alleged Israeli espionage and illegal arms sales in the U.S.

The government expressed the hope that this wave of negative publicity "would end."

Israel declared that it had "sincerely cooperated" with the American authorities once Pollard was apprehended. The reference was to giving American investigators access for questioning to several senior Israeli intelligence operatives involved in running Pollard.

Moreover, stated the announcement, Israel had dismantled the unit which had run Pollard. The government statement said that the unit, headed by Rafi Eitan, a protégé of Trade and Industry Minister Ariel

(Continued on Page 2, Col. 7)

## Cabinet defers decision on new bank governor

By ASHER WALLFISH

Jerusalem Post Reporter  
 The cabinet yesterday again deferred the appointment of a new governor for the Bank of Israel, to replace the outgoing governor Moshe Mandelbaum, whose resignation, among others, had been demanded by the Bejski Commission on the bank shares crash.

While the cabinet accepted Mandelbaum's resignation, which was presented by Prime Minister Peres, it does not take effect until the new governor is appointed by the cabinet.

Peres, who said the appointment of the new governor would be made "within a few days," announced that a three-man committee, composed of himself, Foreign Minister Shamir, and Finance Minister Nissim, would agree on the candidate, and nominate him "very soon."

Peres's announcement again raises the possibility of Professors

Michael Bruno and Zvi Sussman being likely candidates. Another name floated yesterday was Prof. Eytan Berglass. Bruno and Berglass were members of the team that drafted the economic stabilization plan a year ago. Sussman was deputy governor of the Bank of Israel until 1981.

There is now only a slim chance that Deputy Finance Minister Adi Amora'i will succeed Mandelbaum, as Peres had reportedly made it clear that he will not force a confrontation with the Likud on the issue.

Although Mandelbaum wrote in his letter of resignation that he was resigning in accordance with clause 17 of the Bank of Israel Law - which refers to resignation in the wake of a governor's difference of opinion with the government - Peres said he wished to make it clear for the record that the operative clause in Mandelbaum's case was not clause 17, but the ruling of the Bejski report.

## Probe finds shuttle disaster was avoidable

WASHINGTON (AP). - After a four-month investigation that shattered the U.S. space agency's well-honed image of competence, the Challenger Commission will tell the public today that seven astronauts died in "an accident that didn't have to happen."

The panel's 250-page report will say the explosion of the space shuttle 73 seconds after liftoff January 28 was triggered by a flame that found a

path between segments of the right booster rocket, and that such a catastrophic failure was foreshadowed by a long history of known but unsolved problems.

A commission source said that members of the commission were shocked to learn in 13 public and closed hearings that the Challenger was launched over strong objections from engineers.

## Wins poll by 53.9% to 46.1%

# Waldheim is Austria's choice

By ILONA HENRY

Jerusalem Post Correspondent  
 VIENNA. - Kurt Waldheim, victorious in yesterday's Austrian presidential election, predicted confidently last night that he would be able to "overcome" the political complications that have arisen out of the accusations that he has hidden possible

Nazi connections in his wartime career.

He blamed the U.S. news media for carrying out a "campaign" against him, which he said was "directed to a certain degree by that institution in New York," a reference to the World Jewish Congress. "I would like to say with all certainty that... this criticism has not

come from governments, but exclusively from personal statements, and from one minister or another from Israel," Waldheim said.

"These are individuals who are levelling this criticism," Waldheim said. "I am convinced that in a short time it will be possible to quieten down the atmosphere."

The former UN secretary-general emerged the winner in yesterday's

polling with a wider margin over his Socialist rival Kurt Steyrer than he had in the first round of elections on May 4. Waldheim won 53.9 per cent of the vote, compared with 46.1 per cent for Steyrer.

In the first round of polling last month, Waldheim garnered 49.6 per cent of the vote, compared with 43.7 per cent for Steyrer, with the balance going to minor candidates who were not permitted to run in yesterday's vote.

Voter turnout, however, was lower, while the number of blank ballots submitted was higher than in the first round. Of those eligible to vote, only 87.2 per cent did, compared with 89.5 per cent in the May 4 polling. The empty ballots accounted for 3.7 per cent of the vote, compared with 3 per cent in the previous vote.

Unlike officials in his conservative Austrian People's Party, or in the rival Socialist Party, Waldheim played down the significance that the allegations made against him may have had in gaining him the victory yesterday.

"The election shows very clearly that the Austrian people want a moral renewal," he told reporters last night. "Young people voted for me to a great extent, which means that they want a change in politics. I believe they want new values and virtues, which are represented in my ideas and programmes," he claimed.

While the U.S. and Israel are both considering diplomatic moves against him and investigations are underway in Britain and France as well, a jubilant Waldheim was not concerned about moves to restrict his entry into certain countries. "Journeys abroad will initially be of secondary importance [to domestic politics]," Waldheim said. "But I don't think there will be any trouble travelling abroad. One should not overestimate what is published in the media."

But Chancellor Fred Sinowatz, a Socialist, indicated that Waldheim might be too optimistic. "I only hope we Austrians do not get unpleasant surprises in the coming weeks or months."

Although he said his party's candidate would have made a better president, Sinowatz said he would give

(Continued on back page)



THE VICTOR. Kurt Waldheim waves to the crowd outside his party headquarters last night after confirmation of his election victory. (Reuter)

## Moda'i backtracks on allegations

TEL AVIV. - Justice Minister Moda'i yesterday said he had only been quoting unsubstantiated press reports when he told a news conference in New York that Kurt Waldheim had been seen beating a Jew to death during World War Two.

"Stories appeared in the Israeli press, from witnesses whom we have not yet questioned, who spoke of Waldheim taking part in beatings and even - I read in one newspaper - a fatal beating," Moda'i told Israel Radio from New York.

"When I spoke about this here, I said I was quoting from Israeli newspapers," he said.

Moda'i had said at his Friday news conference that one of two elderly Jews had told Israeli investigators that he had watched helplessly as Waldheim had beaten his brother to death in Salonika, after stealing gold from him.

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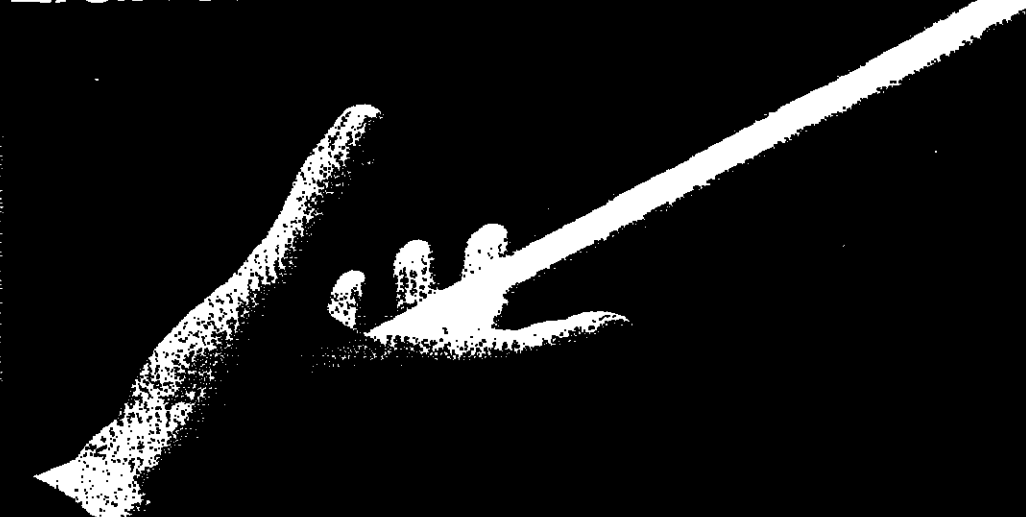
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## Moscow warns Pretoria after ship attack; C'wealth weighs sanctions

MOSCOW. — The Soviet government yesterday condemned what it said was an attack by South Africa on three ships in the Angolan port of Namib on June 5, and warned that "actions of this kind cannot be left unpunished."

The official government statement, issued by the Tass news agency, said unarmed merchant ships of the Soviet Union and Cuba, which were being unloaded in the port of Namib, "became a target of a piratical attack." Angolan authorities have traced the attack to South Africa, the statement said.

Radio Moscow reported Saturday that two Soviet ships were badly damaged and a Cuban ship sunk in the attack. The report said frogmen attached mines to the hulls of the ships and that "at almost the same time gunboats opened fire on the

port installations with missiles."

In London, a Commonwealth group has concluded after a six-month search for a peaceful end to white minority rule in South Africa that Pretoria is not interested in negotiation and that sanctions are the only solution.

"The group believes that sanctions are the only answer and that they could convince South Africa to come to a settlement within two years," said a source who had access to the secret work of the seven-member so-called Eminent Persons' Group, adding that the group believed a 15-year civil war would erupt if there was no settlement.

The report is due to be made public on Thursday, and diplomats in London said it was certain to reopen a crisis within the Commonwealth, over the vexed question of

whether to impose economic sanctions against South Africa. Britain has repeatedly opposed sanctions on the basis they will not work.

Australian Prime Minister Bob Hawke said yesterday in Sydney he will support sanctions against South Africa unless it changes its "monstrously immoral system" of racial discrimination policies within two months.

Meanwhile, in South Africa, three black men were killed as 17 racially-segregated townships were rocked by another night of conflict, police said yesterday.

Security forces came under fire several times in a new trend in township violence as black protesters' usual weapons are stones and petrol bombs according to police. (AP, Reuters)

## 200 held in anti-nuclear Hamburg riot

HAMBURG (Reuters). — More than 200 people were arrested and several policemen injured as anti-nuclear protesters rampaged through the West German port city of Hamburg yesterday, a police spokesman said.

The arrests brought to about 400 the number of people detained in a week end of bloody clashes between police and demonstrators protesting against nuclear power.

Some 800 demonstrators in Hamburg stoned police, smashed shop windows and damaged police cars, the spokesman said.

The demonstrators, many of them masked, had gathered to protest against what they alleged was police brutality during running battles at a mass rally on Saturday near the Brokdorf nuclear power plant.

Police surrounded some of them on a stretch of open ground. Hundreds more took to narrow side streets and stoned police from behind burning barricades. Several policemen were injured by flying stones and steel ball-bearings.

More than 190 people were detained and about 330 injured in pitched battles at Brokdorf Saturday and at the site earmarked for West Germany's first nuclear reprocessing plant at Wackersdorf in Bavaria, police and protest organizers said.

## Gorbachev in Hungary for summit

BUDAPEST (Reuters). — Soviet leader Mikhail Gorbachev received a warm but low-key welcome when he arrived in Budapest yesterday for talks with Hungarian leaders and a summit of the seven-nation Warsaw Pact military alliance.

Informality was the order of the day as Gorbachev flew in for a two-day visit to Hungary, his first since taking over as Communist party chief 15 months ago, followed by the summit on tomorrow and Wednesday.

The 55-year-old Soviet leader, taking advantage of scheduled gatherings, has now visited all his East European allies except Romania.

Gorbachev was accompanied on the special flight from Moscow by his wife Raisa and only one senior official, Vadim Medvedev, a member of the party secretariat. Other top Soviet politicians were due to arrive later for the summit.

## Crack troops drive on Sikhs

CHANDIGARH (Reuters). — Thousands of crack paramilitary troops poured into Punjab yesterday to raid the hideouts of Sikh extremists, after at least 12 people were killed in weekend attacks in the north Indian state.

A senior police official told Reuters that Punjab police chief Jitendra Singh was in Amritsar to direct the raids on suspected extremist hideouts along the border with Pakistan.

The raids started hours after Punjab Chief Minister Surjit Singh Barnala rushed to the Sikh holy city of Amritsar to consult officials.

Nearly 4,500 troops were sent to the districts of Amritsar and Gurdaspur bordering Pakistan after Saturday's killings. They joined about 35,000 troops already deployed across the state to assist its 34,000-man police force.

The wave of killings climaxed a week of protests by radical Sikh groups mourning about 1,000 Sikhs killed in the June 6, 1984 Indian army assault on their holiest shrine, Amritsar's Golden Temple.



## England-Morocco draw helps Arabs get even

ABU DHABI (Reuters). — Friday's World Cup draw between Morocco and England helped the Arabs to achieve in sport what they have failed to do in politics, a United Arab Emirates paper said yesterday.

"We as Arabs have the right to gloat at the setback of (British Prime Minister Margaret) Thatcher's team, which gave the Arabs their just due at a time when politics failed to react to her provocations to Arab feelings during her visit to the Zionist enemy," the semi-official *al-Itihad* said.

"As much as the Arabs felt frustration after Thatcher's visit to Israel, the British people were deeply disappointed by the weak result (1-1) of her team," the paper added.

## Strong Lendl wins second French Open

PARIS. — U.S. Open champion and World number one Ivan Lendl won a sparkling final against unseeded Swede Mikael Pernfors 6-3, 6-2, 6-4, yesterday to take his second French Open title.

He last claimed the crown here in 1984 when he beat John McEnroe, and was runner-up against Bjorn Borg in 1981 and Mats Wilander last year.

"This one was very special — I was working on my game really hard. I haven't been healthy for a long time. It's given me great confidence for Wimbledon," Lendl said.

Lendl, who had only dropped one set in the entire tournament, had to work hard for his victory despite the straight sets margin, and Pernfors commented later that Lendl's sheer strength of play had been a decisive factor.

"I really felt that if it did go to four or five sets I wouldn't have lasted because he's so strong," Pernfors said.

Lendl, who collected \$168,750 in prize money, had an easy route to the final while Pernfors had to battle his way through, putting out Australian Open champion Stefan Edberg, Wimbledon champion Boris Becker and two other seeds on the way.

In the women's doubles final Martina Navratilova and Hungarian Andrea Temesvari defeated Steffi Graf of West Germany, and Gabriela Sabatini 6-1, 6-2.

## Yanks lead AL — in errors

NEW YORK (AP). — Fred Lynn and John Shelby homered to back right-hander Mike Boddicker to his seventh victory, and the Baltimore Orioles defeated the error-prone New York Yankees 7-5 Saturday.

Yankee shortstop Bobby Meacham committed two errors, including one on a potential double-play ball in the third inning just before Lynn hit his three-run homer. The Yankees now have committed an American League-leading 56 errors.

In other American League games, California beat Cleveland 8-2, Chicago ripped Oakland 18-3, Minnesota downed Kansas City 4-1, Milwaukee shut out Boston 3-0, Detroit edged Toronto 3-1, and Texas swept a doubleheader from Seattle, 7-5 and 3-2.

In the National League, it was St. Louis 3, Chicago 2; San Francisco 6, Cincinnati 2; Houston 7, Los Angeles 5; New York 6, Pittsburgh 4; Philadelphia 3, Montreal 1; Atlanta 4, San Diego 2.



Scotland's goalkeeper James Leighton punches away from his net over Germany's Hans Peter Briegel (centre) and Scotland's David Narce during last night's exciting World Cup game in Queretaro which Germany won 2-1.

## A few fouls among friends

MEXICO CITY (Reuters). — Paraguayan coach Cayetano Re excused 77 fouls in one World Cup match by saying "Football is a man's game." Others were still waiting yesterday for the 1986 finals to become a spectators' game.

The prospect is, though, that until the knock-out stage of the tournament is reached on June 15, the emphasis will continue to be on not squandering points in group matches and entertainment will remain a lesser priority.

There was little evidence of Latin friendship in Saturday's Group B match between Mexico and Paraguay. Mexico's share of the 77 fouls spotted by English referee George Courtney in the 1-1 draw was 45, or one every two minutes.

Hugo Sanchez was among the Mexican offenders. His second yellow card of the tournament means he is barred from Mexico's final group game against Iraq on Wednesday when the host nation will almost

certainly advance to the second round.

Sanchez also featured prominently in the match's dramatic closing stages. He was offered the chance to win the game for Mexico when Courtney awarded a penalty in the dying moments.

Sanchez took it but Paraguayan goalkeeper Roberto Fernandez, having studied video recordings of the Mexican's penalty-taking technique, guessed correctly and his fingertips deflected the ball just past the right-hand post.

Against the Latin fury of the Mexico-Paraguay contest in front of 114,000 spectators in the Aztec Stadium, Saturday's other two games were relatively sedate all-European affairs.

Spain beat Northern Ireland 2-1 in Guadalajara to resurrect their hopes of going through Group D, the section from which Brazil have already booked their passage into the next round. Before yesterday's matches, Brazil were alone in having won twice, yet another statistic testifying to the tournament's cautious nature.

In Monterrey, Poland beat Portugal 1-0 with Wlodzimierz Smolarek scoring only the second goal in four Group F matches. The result was a little harsh on the Portuguese but Poland possessed in Zbigniew Boniek one of the few players who has left an imprint of quality on the tournament.

## Easy night for the Soviets

IRAPUATO, Mexico (Reuters). — The highly impressive Soviet Union, already virtually assured of a second round place, are likely to treat their final World Cup Group C game against Canada tonight as shooting practice.

Since the dazzling Russians put six goals past Hungary in their opening match they have been freely tipped as potential World Cup winners and they also looked the better team in the 1-1 draw against European champions France last Thursday.

Though Canada gave a good account of themselves in a defeat against both France and Hungary, they should be no match for the mighty Soviet machine.

The Soviet Union need a victory to win the group and they possess all the tools to do the job.

## Archery champion left out of national team

By CYNTHIA BELLON  
Perennial national archery champion Howard Lipschitz is a surprise omission from the Israeli national team being sent to Turkey for the European Championships at the end of the month.

Israel Archery Association chairman Yehuda Yakubovitz said the selection committee had decided unanimously to send only Ilan Nakash and Giora Lipschitz (the national junior champion and son of Howard) to the European meet in

Ismir. There was no elaboration on the reason for the selection.

The selection issue clouded somewhat the second Hapoel Archery Championships held in Givatayim over the weekend. In an international competition Great Britain clearly outshot Israel. Mark Blomfield finished first with 1,260 points, followed by British teammates Steven Hallard with 1,259 and Richard Priestman with 1,245.

Leading the Israelis was Nakash, 20, of Tel Aviv, with 1,267 points. Howard Lipschitz, 42, was second with 1,148, and Shimon Zeevi, 56, third with 1,085. Their results in the international event doubled up as the Hapoel championships.

Giora Lipschitz, 16, was the Junior champion with 1,144 points.

## 2 win Toto first prize

Two people guessed the full thirteen results correctly in Saturday's Toto, collecting NIS 75,700 each. Fifty-one had 12 correct results, worth NIS 1,458, 696 had 11 right for NIS 100, and 5891 guessed 10 results for NIS 12.

## IN BRIEF

### Death squads slay 19 in Colombia city

CALI, Colombia (AP). — Vigilantes have killed 19 people, most of whom had records as narcotics peddlers, pickpockets and robbers, the national police said yesterday.

All of the people were killed Friday night and early Saturday morning in Cali. Some were forced to get down on their knees, confess and beg for mercy before they were shot in the back of the head, a police source reported, quoting witnesses in poor areas of the city.

It was the highest number of fatalities attributed to the death squads in a single night since the vigilantes began taking the law into their own hands about six months ago. More than 300 people have been slain in Cali and other Colombian cities. Cali, with a population of one million, is about 300km. south-west of the capital of Bogota.

### E. Germans issue on passport issue

BERLIN (AP). — In an apparent backdown from a controversial passport policy, East Germany has announced it will issue new identity cards to foreign diplomats in East Berlin, Western diplomatic sources said yesterday.

The East Germans announced the move in a note on Saturday to all foreign embassies in East Berlin, Western diplomats reported.

The note said foreign diplomats would be able to cross from East to West Berlin with the new cards, adding that the cards would be "secure" against forgeries.

The new cards will be issued about June 15, the Western diplomats said, and should end the East-West controversy that started May 26. On that day East Germany began to demand that foreign diplomats show their passports, in addition to the identity cards used in the past, to cross the line between the two parts of the city drawn at the end of World War II but not recognized as an international boundary.

### China's party chief visiting Britain

LONDON (Reuters). — Chinese Communist Party leader Hu Yaobang arrived in Britain yesterday at the start of a two-week tour of Western Europe, the first by a Chinese party chief since the 1948 revolution.

Hu had no official engagements scheduled yesterday and will be formally welcomed by Prime Minister Margaret Thatcher today.

Hu and his group leave for Bonn on Thursday on the next stage of their European tour.



A riot policeman in Manila drags away a crying woman, one of several supporters of ousted ruler Ferdinand Marcos who tried to march on the presidential palace yesterday.

## Manila police rout marchers demanding Marcos's return

MANILA (AP). — Riot police clashed yesterday with thousands of followers of deposed president Ferdinand Marcos who forced their way through a barricade in an unsuccessful march to the presidential palace.

Police and hospitals reported at least 21 people, including seven policemen hit by rocks and bottles, were injured in two hours of sporadic battles and chases through city streets. Several blocks from the palace, police used guns, water can-

non, tear gas and smoke bombs against the demonstrators.

The marchers — estimated by reporters to number 20,000 and led by Marcos's attorney, ex-assemblyman Rafael Recto — had come from a weekly rally at Rizal Park, where they called for Marcos to return from exile in Hawaii and demanded that President Corason Aquino resign.

They burned Aquino's effigy before marching toward the tightly guarded Malacanang Palace.

## Soviets offer to take up UK astronaut

LONDON (Reuters). — The Soviet Union has offered Britain an opportunity to send an astronaut into space on one of its missions, according to a member of a British parliamentary delegation which recently visited Moscow.

Conservative Party parliamentarian Ken Warren said the offer was made when the delegation, headed by Deputy Prime Minister Lord Whitelaw, visited the Soviet space centre at Star City. "They are quite serious about it," he added.

General Georgy Beregovoy, head of the Soviet space programme,

pointed to a wall display of non-Soviet cosmonauts who have been sent into orbit on Soviet missions and told the delegation he was saving a place for a British astronaut.

He repeated the offer later at a Kremlin dinner and asked the delegation to pass it on to the British government.

A British astronaut, who would have been the first Briton in space, was to have joined a U.S. shuttle mission this year, but the shuttle disaster in January in which seven astronauts died has put back the plans by up to two years.

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2. The projected construction is approximately 400 sq.m.

3. Conditions of the tender as well as all other pertinent information can be obtained from Monday, June 9, 1986 from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m. — 12 noon against a non-refundable deposit of NIS 200.

4. A special tour of the construction site for contractors will be held on Monday, June 23, departing at 10:00 a.m. from the Engineer's office at the Rehovot Municipality.

5. Bids should be submitted not later than 1:00 p.m. on Wednesday, July 2, 1986 at the address mentioned in paragraph 3 above.

6. This tender is open only to contractors registered in accordance with the Act regarding Registration of Contractors for the execution of Engineering and Construction Works 1969, such contractors to abide by requirements of the Act and to be eligible to carry out the works as specified.

7. The Agency does not undertake to accept the lowest or any other bid.

AS/50-11-22

## Society for the Protection of Nature in Israel

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For additional information, call 02-535312, 521187.  
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# 15 Israeli paintings stolen from Jerusalem gallery

By MEIR RONNEN  
Post Art Editor

Fifteen outstanding oils and watercolours by famous local painters of the twenties and thirties were stolen from the Jerusalem Artists House on Saturday evening. The paintings, valued roughly at \$100,000, were from the Israel art collection of Tel Aviv gallery owner Shmuel Givon, much of which has been on view at the Jerusalem Artists House for the last fortnight.

All the early works in the exhibition were concentrated in the small mezzanine gallery, only a half-flight up from the Artists House bar, which was open on Saturday evening. The mezzanine was closed with a simple padlock, which was torn away by the thieves. The Artists House, located in the original Bezalel Museum premises in a century-old building in Rehov Shmuel Hanagid, has no burglar alarm or safety devices.

Stolen were two watercolours from the 'twenties by Josef Zaritsky, two paintings by Menahem Shemi,



Left, Avigdor Stenatsky's 'Postman,' right, Avraham Naton's self-portrait, two of the stolen paintings.



two by Avigdor Stenatsky, and works by Haim Atar, Pinhas Abramowitch, Haim Glikberg, Josef Kossonogi, Reuven Rubin, Yitzhak Frenkel, Zvi Shorr and Avraham Naton. The oils were cut from the frames with a knife, evidently to ensure a quick getaway. A number

of other valuable early works, notably those by Arie Lubin, Moshe Mokady, Israel Paldi and Nahum Gutman were left untouched. Artists Association officials wryly joked that the thieves might have been guided by an appreciative review which appeared in last Friday's *Jerusalem Post*. They said that the exhibition would remain open as planned, with small reproductions of the missing works pasted to the wall. As the paintings have little value abroad, it is unlikely that they will be smuggled out. On the other hand, there is even less likelihood that they can be sold locally, as they are too well-known. Photographs of nearly all the work appeared in a recent Givon catalogue published together with the Art Gallery of the Ben-Gurion University of the Negev in Beersheba. Thus, while these gems of early painting in this country are of great historical value, their value to the thieves is virtually nil.

Yesterday, Naomi Givon and Jerusalem Artists Association chairperson Hedva Shemesh issued an emotional appeal to the thieves to return the paintings. They fear that the oils may have been badly damaged.

In a previous case, a group of stolen Israeli paintings was kept hidden for nearly a decade, but came to light as soon as the first work was put on the market.



Arched windows under construction at Brigham Young University's Jerusalem Centre for Middle East Studies on Mount Scopus overlook the Old City's Dome of the Rock. (Brian Hender)

If Brigham Young college is allowed to keep its present site:

## A lavish Mormon centre in prospect

By HAIM SHAPIRO  
Jerusalem Post Reporter

The Brigham Young University's Jerusalem Centre for Middle East Studies is busy readying itself a lush environment, with interior gardens, fountains and latticed courtyards. But controversy still rages over the Mormon centre. An inter-ministerial committee is to decide soon whether the institution shall keep the site or whether, as critics argue, it should be given to some Jewish body. The committee, formed over three months ago, was to have come to a decision yesterday, but at the last moment, the vote was deferred for another three weeks.

To ascertain just what the committee is to rule on, *The Jerusalem Post* on Friday toured the 17-dunam site together with BYU resident director, Dr. David Galbraith, and came away convinced that whatever the decision, it concerns a magnificent building on a choice site.

"We don't want our students to forget for a moment where they are," Galbraith says, as we enter the monumental arched stone entry. Arches, now being given their stone facing inside and out, appear throughout the structure. The entry, like many other parts of the building, exploits to the full the view of the Temple Mount to the southwest.

No sooner is the visitor inside, than he is outside, in one of the many planned gardens, with fountains. Coming from the desert state of Utah, Mormons, like Israelis, have a profound consciousness of the need to green the desert.

Also near the entry is a 400-seat auditorium whose plate-glass windows look out toward the Dome of the Rock. Galbraith says it will have a "magnificent" pipe organ, critics say that the auditorium is intended

to draw local Jews and Moslems as potential converts.

The auditorium is also to be used for weekly Mormon religious services, held in Israel on Saturday. In common with Mormon churches everywhere, it will have no pictures, statues or images, not even a cross.

It is also to be the venue for recitals and lectures, but, anticipating criticism, Galbraith points out that it will be one of Jerusalem's smaller halls. "Even the Israel Museum auditorium is bigger," he said.

There is, however, a 300-seat auditorium on a lower level. It is planned for classes for the entire student body and for the showing of carefully selected films, such as *The Ten Commandments* and *The Chosen*, intended to enlighten as well as entertain. This hall will also be used for student productions of suitable plays.

If critics are concerned that local youth will be drawn to the centre, Galbraith seemed concerned that his young people would be attracted away from it, and much of the planning appears to be intended to keep them from going astray. That, he said, was the purpose of the gymnasium, a place for students to "let off steam," but "the budget wouldn't allow for it."

A more serious feature is the 10,000-volume library. "It is just for reference," Galbraith said. "We have no need to compete with the Hebrew University library."

A room, designated as a "learning resource area," will house an "enormous topographical map" of the entire region, as well as several models of Jerusalem at different periods. This section comes perhaps the closest to what the critics say will be a Mormon "visitors' centre," similar

to others around the world. But as if to refute such allegations, Galbraith pointed out from one of the many terraces that the area was full of non-Jewish and foreign institutions.

Above the centre's site are the World Lutheran Federation building and the associated Augusta Victoria Hospital. Around it are the Ibrahimiya College, the Astoria, Tower and Palace hotels, the Church of God, and the residences of the Apostolic Delegate, the Greek Orthodox Patriarch and Armenian Archbishop Shahan Ajamian.

Not visible from the BYU balconies is the building recently acquired by Am Yisrael Hai, the Gush Emunim-affiliated group which is one of the centre's main opponents.

The lower levels of the BYU building contain classrooms, a dining room and dormitories. With four students to a room, these are the least luxurious part of the complex.

Galbraith said that much of the gardening, maintenance and other work will be done by the students, to help them finance their stay. The gardens and landscaping will do much, according to Galbraith, to help the building merge with the landscape, rather than stand out, as it does today. There is hardly a ledge or corner that is not provided with containers for greenery.

As he walked around the building, Galbraith exuded an air of confidence, but as the tour ended, he indicated that he was concerned about the committee's decision.

According to most observers, the committee probably will decide that BYU should occupy the structure, but will insist on some sort of supervision that will ensure that the university keeps its promise not to engage in proselytizing.

## Negev leaders today to allocatedevelopment funds

By LIORA MORIEL  
Jerusalem Post Reporter

**BEERSHEBA.** - The mayors and chairmen of local and regional councils in the Negev are to meet in Arad today to finalize the distribution of \$100 million that Prime Minister Peres and World Zionist Organization head Arye Dulzin have promised to earmark for the development of the Negev from overseas investments and contributions next year. The allocation will commemorate the 100th anniversary of David Ben-Gurion's birth.

In Israel's early years, Ben-Gurion was among the first to recognize the vast potential of the Negev and to call for its development, envisaging as a million people living there by the year 2000.

But today, after some initial flowering, the Negev is wilting and

its inhabitants are leaving to seek better jobs in the north. In the past decade, there has been hardly any economic growth and many government promises remain unfulfilled.

It was hoped that Peres, Ben-Gurion's disciple, would change all that and again make the Negev's development a top national priority. President Herzog also promised to do what he could to focus national attention on the Negev and its special needs, some of which stem from its isolation, by distance, from the centre of the country.

But these promises have proved as lacking in substance as all others. A railway to Eilat is still on the drawing board, the Negev Air Force Base still has no civilian runway and other important industry remains in the Sharon area, rather than in the Negev.

Thus, no new jobs have been created. This, together with the state of the national economy and the great cuts in public spending, have led to a high rate of unemployment and negative population growth.

Two programmes that were to have brought some new life to the region - the establishment of a preferred loans area for science-based industries and the Negev Forum 2001 think-tank to map the area's needs for the coming century are effectively buried in papers and memoranda.

Now there is a new scheme: letting the new Forum of Negev Representatives (something akin to a regional parliament fashioned after an idea of the forum's secretary, Zvi Hazan of the Sha'ar Hanagev regional council) decide how best to spend the \$100m. windfall.

At a meeting with Peres a week ago, the forum was told that it has 10 days to come up with an agreed plan. Otherwise, it was intimated, the government would allocate the money as it sees fit.

"We now have a plan, and the only thing that remains to be seen is if Peres is a man of his word," a forum insider told *The Jerusalem Post* yesterday.

The agreement calls for the money to be divided equally between agriculture, industry, tourism and miscellaneous projects. However, money is slated to be allocated only where the towns and councils have concrete plans for spending it. Some municipalities lack plans in one or more areas, and in those fields, the towns will not be able to take advantage of the offer.

## National Science Museum to open in old Technion building

By YA'ACOV FRIEDLER  
Haifa, -

The old Technion building, which was completed over 60 years ago, and housed the country's first university, has been given a new lease on life, as the National Museum of Science and Technology.

The first exhibition, featuring Leonardo Da Vinci's research on science and technology, will be opened in the renovated building by Education Minister Yitzhak Navon and the Italian Ambassador on June 16.

The show includes 30 models built from Leonardo's own sketches, and the facsimiles of these sketches loaned by the National Science and Technology Museum in Milan. It is the first time that they have travelled outside Italy.

The models include the 15th century artist's idea for a rotating machine-gun, a bridge that can make way for ships, a model of a hand-driven car, various guns, cranes, a flying boat and a flying machine. The show will remain open until October.

Technion professors Zvi Dori, the museum's director, and Yitzhak Oref, its scientific director, who started the Technion Museum in an annex of the building three years ago, and have been the driving forces behind upgrading it to a national science museum, said yesterday that over 200,000 visitors, mainly young people and children, had already viewed and tried out the working exhibits.

Some \$120,000 has been spent on

renovating the historic building in downtown Haifa, designed at the beginning of the century by Alexander Baerwald, and restoring its former glory of arches, columns and marble floors.

The next five years is expected to see the completion of the complex, to include the Albert Einstein Science Centre, with working models built by Technion students, two technology gardens and a space museum with airplanes, Israeli-made rockets and NASA models.

By YA'ACOV FRIEDLER  
Jerusalem Post Reporter

**HAIFA.** - Friday night cinema shows which began a month ago over the vociferous opposition of the town's religious leadership may be on their way out for lack of viewers.

In addition, the municipality is issuing summonses for violation of the by-laws to each of the five cine-

## Sabbath films - on the way out?

mas every Friday night, though they were opened under an agreement with Mayor Arye Gurel. The violations are punishable by a fine of up to NIS 150.

Gurel said yesterday that he was "obliged" to have his inspectors sue

the cinemas, despite his agreement with their association, which limited the Friday night shows to only five of Haifa's 17 cinemas, which are not located near synagogues. "I am bound by our coalition agreement and the by-laws which forbid Sab-

bath cinema shows," he said. The cinema owners had high hopes of the Friday night shows reviving their flagging ticket sales and fought hard for permission to open.

But after the initial enthusiasm had worn off attendance was poor, except at the two new Rav Gat twin halls.

## Army wives campaign to up soldiers' wages

**HAIFA.** - A group of army officers' and NCOs' wives have started a campaign for improved wages in the regular army. In a statement to the press yesterday, they said that the Defence Ministry was abusing the lack of a union of serving soldiers.

"With average wages of NIS 600 a month, long absences from home and long working hours, the soldiers feel bitter... They do feel they are fulfilling a national mission, but goodwill pays no grocery bills," the organizers said.

## Laser acupuncture on agenda of medical meet

**JERUSALEM POST STAFF TEL AVIV.** - A method for performing acupuncture with laser beams instead of needles will be one of the topics discussed at an international congress on Complementary Medicine to be held in Jerusalem starting June 15th.

The congress, which had expected to attract over 400 overseas participants, was almost cancelled because so many Americans and Canadians withdrew for fear of terrorism.

## Beduin woman tried to murder her daughter

**HAIFA (Itim).** - A Beduin woman who strangled her daughter with a rope and left her for dead in a wadi was yesterday found guilty of attempted murder. Hemda Mohammed Zouidat, 47, admitted in the District Court here that she had tried to kill her 22-year-old daughter because she had brought shame on the family.

## HOME NEWS IN BRIEF

### Haifa car vandals

**KIRYAT SHMONA.** - Vandals, believed to be supporters of Rabbi Meir Kahane and his Kach party, damaged dozens of cars parked outside a Haifa Theatre performance of "Palestinian" here yesterday.

The theatre, together with Omatut La'am (Art for the People) is presenting Theatre Week in Galilee.

### Bene Israel seminar

The first contingent of young Bene Israel from India is this week ending a six-week seminar, which included extensive touring of Israel combined with study of Judaism, the Jewish nation and the State of Israel. The seminar is sponsored by the Jewish Agency's Department of Torah Education. The students are to return to India this week, where they will serve as youth leaders. (Itim)

### THE CAMERAN SINGERS

The Sound of Choirs - End of Season Concert

#### The Netherlands Choir

Conductor: John Aldis  
Works by Brahms, Mahler, Esher, Ligati, Poulenc, Bruckner, Ravel

Kfar Saba, Monday, June 23, 8:30 p.m., Beit Sapir Auditorium  
Tel Aviv (Series 1): Tuesday, June 24, 8:30 p.m., T.A. Museum  
Jerusalem (Series 2): Wednesday, June 25, 8:30 p.m., T.A. Museum  
Tel Aviv: Saturday, June 28, 9:00 p.m., Henry Crown Auditorium

Beersheba: Thursday, June 26, 8:30 p.m., Conservatorium Hall  
Tickets: Cameran Singers, 22 Ibn Gabirol, Tel Aviv, Tel. 03-218769, 210610, and at box offices.  
Concerts courtesy of the Israel Chamber Orchestra

### Get a Subscription Ticket to the Sound of the Season "The Sound of Choirs" Series 1986/87

Six concerts with the Sixteen Choir, the Icelandic Choir - The Scholars' Choir - and the Cameran Singers.

Special subscription renewal offer until June 15.

Tel Aviv and Beersheba: Cameran Singers, 22 Ibn Gabirol, Tel Aviv 64 735, Tel. 03-218769, 210610.

Jerusalem: Jerusalem Theatre, Tel. 02-667167

Kfar Saba: Beit Sapir (Room 151) Rehov Yerushalayim, Tel. 052-28621

### TODAY'S ENTERTAINMENT

#### TELEVISION

**EDUCATIONAL:** 8:40 School Broadcasts 14:00 The Children from Shekhunat Haim 14:25 The Pirates 14:40 The Chieftains Folklore Group from Ireland 15:00 Making Magic 15:25 No Secrets 15:50 100 Famous Paintings 16:00 Alphonse de Lamartine 16:30 Series on the Talmud 17:00 A New Evening - live magazine

**CHILDREN'S PROGRAMMES:** 17:30 Alice in Wonderland. Part 18 of a 26-part animated serial based on the book by Lewis Carroll. 18:00 Problems of High School Children

**ARABIC LANGUAGE programmes:** 18:30 News roundup 18:32 Programme Trailer 18:35 Sports 18:38 News

**HEBREW PROGRAMMES** resume at 20:30 with a news roundup. 20:02 Fame: Wishes 20:30 Beauty Spot - tips on hikes and trips 21:00 Mabat Newsline 21:30 No Place Like Home, British comedy series starring William Gatt and Patricia Garwood 22:00 This is the Time 22:50 Dempsey and Makepeace. Part 8 of a 10-part suspense series 23:40 World Cup - highlights of the match between France and Hungary 00:15 News

**JORDAN TV (unofficial):** 17:30 Cartoons 18:00 French Hour 19:30 News in Hebrew 20:00 News in Arabic 20:30 Alto Alto 21:10 The Black Tower 22:00 News in English 22:20 Murder, She Wrote

**MIDDLE EAST TV (from T.A. north):** 13:00 Woody Woodpecker 13:30 Another Life 14:00 700 Club 14:30 Shape Up 15:00 Afternoon Movie 16:30 Spider-Man 17:00 Super Block 17:30 Muppets 18:00 Happy Days 18:30 Luveme & Shirley 19:00 News 20:00 Magnum P.I. 21:00 Another Life 21:30 Sports 23:30 700 Club

#### ON THE AIR

##### Voice of Music

6:02 Morning Melodies  
7:07 Boyce: Sinfonia No.1; Tardini Violin Sonata (Micheleucci)  
7:30 Wolfer: "Oberon," overture (IPQ/Metra); Haydn: Cello Concerto; Rheinberger: Nonet; Schubert: Music to "Rosemunde"  
8:30 Paganini: Violin Concerto No.4 (Accardo); Bizet: "L'Arlesienne," Suites (Stokowski); Boccherini: Guitar Quintet; Gerwin: Piano Concerto in F major  
12:05 Gerhard Leinberger and Norbert Duchsall, organ, in works by Locatelli, Bach, Milon, and Duschinger  
13:00 Stamitz: Viola Concerto (Wallfisch); Beethoven: Trio, Op.11; Schubert: "Der Hirt auf dem Felsen" (Ameling); Liszt: Piano Concerto, Op.102; Dvorak: Czech Suite, Op.39  
15:05 From the International Composers' Rostrom 1985  
16:00 Joachim: Hungarian Violin Concerto (Rostrom); Camille Saint-Saens: Chants d'Auvergne (Ts Kanawell); Liqueur: Ballet Music; Dancs: Flute Concerto No.4  
18:30 The Jerusalem Symphony Orchestra, David Robertson conducting - Gloria Schuster: Symphony for Strings; Sallier: Concerto for Flute, Oboe and Orchestra; Haydn: Symphony No.36  
20:05 Mozart: Horn Concerto No.4, K.495; Mozart: Minuet from Serenade No.4  
20:30 The Israel Festival 1986 - Nuovo Quartetto - Schumann: Quartet, Op.41, No.3; Boccherini: Quartet, Op.6, No.3; Verdi: String Quartet  
23:00 Continuous Music

##### First Programme

6:03 Programmes for Olim  
7:30 Favourite Old Songs  
8:05 Composers - with Benny Henderl  
9:05 Hebrew songs  
9:20 Encounter - the family magazine  
10:30 Programme in Easy Hebrew  
11:10 School Broadcasts  
11:30 Education for all  
12:05 Guest for an Hour  
13:00 News in English  
13:30 News in French  
14:05 Children's programmes

##### Second Programme

6:12 Gymnastics  
6:30 Editorial Review  
6:53 Green Light - drivers' corner  
7:00 This Morning - news magazine  
8:05 Drive Safety  
9:05 House Call - with Rivka Michaeli  
10:10 All Shades of the Network - morning magazine  
12:10 Open Line - news and music  
13:00 Midday - news commentary, music  
14:05 Mothers of Interest - with Gabi Gazit  
15:10 Magic Moments  
16:05 Songs and Homework  
17:10 Economics Magazine  
18:05 Education Break  
19:45 Today in Sport  
19:45 Today - radio newsweek  
20:35 Low and Justice Magazine  
22:05 Cantorial Hit Parade  
22:05 Jazz Corner  
23:05 Treasure Hunt - radio game

##### Army

6:05 University on the Air  
6:30 Open Your Eyes - songs, information  
7:07 "707" - with Alex Ansky  
8:05 Good Morning Israel  
9:05 in the Morning - with Eli Yisraeli  
10:05 Coffee Break  
11:05 Right Now - with Rafi Reshaf  
13:05 Radio Connection  
15:05 Daily News - with Orly Yaniv  
16:05 Four in the Afternoon  
17:00 Evening Newsweek  
18:05 Simulation Game - Israel's water shortage  
19:05 What's Doing - with Erez Tel  
20:05 Blues de lazo  
21:00 Mabat - TV Newsweek  
21:30 University on the Air (repeat)  
22:05 Popular songs - with Yoav Kutner  
23:05 Night, Night - with Yoav Kutner  
00:15 Night Birds - with Gila Meor

#### WHAT'S ON

Notices in this feature are charged at NIS 6.90 per line, including VAT. Insertion every day of the month costs NIS 138 per line, including VAT, per month.

##### JERUSALEM

###### Museums

**ISRAEL MUSEUM.** Opening Exhibition: Joel Kantor, Photographs of Israel (10.6 at 7:30). Continuing Exhibitions: One Hundred Words on Paper, from Museum's collection of "A Man and His Land," Moshe Dayan collection of Israel Art of News in Antiquities of Nerot Mitzva - ideas for light in Jewish ritual from the Depths of the Sea - ancient Caravel coast caravans (Rockefeller) of Indian Paintings from Pilsky collections of The Holy Land, maps, views, photographs, 16th-19th centuries (until 21.6) of Permanent exhibitions of archaeology, Judaica, ethnic art. VISITING HOURS, MAIN MUSEUM: 10-6. At 11: Guided tour of Museum (English). 3: Guided tour of Archaeology galleries (English).

**EXHIBITIONS MAP HOUSE.** Old City, 7 Beit El St., 288336, 423547. Roberts, Turner, etc.

**L.A. NAYER MEMORIAL INSTITUTE FOR ISLAMIC ART.** Visiting hours: Sun-Thurs. 10-1; 3:30-6. Fri. closed. Sat. and holiday eve 10-1. 2 Hapfalmah St. Tel. 02-661291/2. Box No. 15.

###### Conducted tours

**HADASSAH.** Hourly tours of the Chagall Windows at Kiryat Hadassah on the half hour. \* Information, reservations: 02-416333, 02-446271.

**HEBREW UNIVERSITY**  
1. Tours in English at 9 and 11 a.m. from Administration Building, 9 Givat Ram Campus. Buses 9, 28, 24 and 16.  
2. Mount Scopus tours 11 a.m. from the Brofman Reception Centre, Sherman Building, Buses 9, 28, 48 and 23 to the first underground stop. Further details: Tel. 02-582919.

**AMIT WOMEN.** (Formerly American Mizrahi Women.) Free Morning Tours - 8 Alkalai Street, Jerusalem. Tel. 02-699222.

**ORT.** To visit our technological High School call Jerusalem 533161; Tel Aviv 396171, 233231, 240529; Netanya 33744.

#### CINEMA

**JERUSALEM 4:30, 7:30, 9:30**  
Eden: P.O.W. The Escape; Edison: Runaway Train; Mabat: Youngblood; Kfar Saba and Be'er Sheva: Mabat: Kiss of the Spiderwoman 7:15, 9:30; Orly: Marie 4:30, 7:15, 9:30; Orion Or 1: Iron Eagle 4:30, 7:30; Orion Or 3: Miami Super Cop; Orna: Smile of the Lamb; Rona: Nadia; Sema: 81 Weeks 7:30, 9:30; Binyamin Hama: Out of Africa 5:45, 9; Beit Agmon: The Sound of Music 4; Taron: 7; Bechelor Party 10:15; Hotel New Hampshire: midnight; Cinemascope: The Tiddler; Tungska 7; French Theatre: La Wally; 8:30; The Provoker 10.

**TEL AVIV 5:30, 7:30, 9:30**  
Alamy: Last Tango in Paris; Beit Leisla: Fandango 11:15 p.m.; Ben-Yasda: Runaway Train; Chen 1: Salvador 5:20, 9:40; (Thurs. 9:50 p.m., 12:20); Chen 2: Twice in a Lifetime 5:20, 9:45 (Thurs. 9:50 p.m., 12:20); Chen 3: Spies Like Us 5:20, 9:40 (Thurs. 9:50 p.m., 12:20); Chen 4: Journey of Natty Gann 10:30 a.m., 1:30, 5:25, 9:40 (Thurs. 9:50 p.m., 12:20); Chen 5: Sittches 10:30 a.m., 1:30, 5:25, 9:40 (Thurs. 9:50 p.m., 12:20); Cinema One: Sissy Cinema Two: Holocaust Covenant; Daktel: Jewel of the Nile 7:15, 9:30; Dizengoff 1: Kiss of the Spiderwoman 11 a.m., 1:30, 4:50, 7:20, 9:30; Dizengoff 2: 3 Hommes et un Couffin 11 a.m., 1:30, 4:50, 7:20, 9:30; Dizengoff 3: Ran 11 a.m., 2:10, 6:30, 9:30; Drive-In: Ran 11 a.m., 2:10, 6:30, 9:30; Esther: Nadia 5:7, 15, 9:30; Gat: After Hours 5:7, 15, 9:30; Gordon: Official Story 5:7, 15, 9:30; Hedi: Youngblood: Lev It Greater 1:25, 5:7, 9:40; Lior: Wildcats 1:45, 5:7, 9:40; Lior: Hamehushim: 81 Weeks 4:30, 7:15, 9:30; Maxim: Prizzi's Honor 4:30, 7:30, 9:30; Mograbi: Iron Eagle 5:7, 15, 9:30; Orly: Camorra; Paris: When Father Was Away on Business 11:30 a.m., 2, 4, 7, 9:30; Forbidden Relations 4:30, 7:30, 9:15; Shahar: Out of Africa 5:45, 9:15; Studio: Agnes of God/Parnaz Hamehushim: Maki, Sun-Wed, 7:15, 9:30; Thurs. 10 p.m., 12; Tebelet: Brazil 4:30, 7:30, 9:30; Tel Aviv: P.O.W. The Escape; Tel Aviv Museum: Smile of the Lamb

**HAIFA 4:30, 7:15, 9:15**  
Amphitheatre: The Protector; Armon: Iron Eagle; Atzmon: P.O.W. The Escape; Wildcats 7:15, 9:30; (Thurs. 10 p.m. only); Odeda: To Live and Die in A. 5:7, 15, 9:30; Ramat Gan: Target 7:15, 9:30; Rav-Gan 1: After Hours 5:7, 9:40; (Thurs. 10 p.m. only); Rav-Gan 2: When Father Was Away on Business 5:6, 9:30 (Thurs. 10 p.m. only); Rav-Gan 3: Eloni 5:7, 9:30, 9:40; Rav-Gan 4: Jagged Edge 7:20, 9:45 (Thurs. 10 p.m. only)

**RAMAT GAN**  
Armon: Nadia 5:7, 15, 9:30 (Thurs. 10 p.m. only); Lily: 914 Weeks 7:15, 9:30; Odeda: Wildcats 7:15, 9:30; (Thurs. 10 p.m. only); Odeda: To Live and Die in A. 5:7, 15, 9:30; Ramat Gan: Target 7:15, 9:30; Rav-Gan 1: After Hours 5:7, 9:40; (Thurs. 10 p.m. only); Rav-Gan 2: When Father Was Away on Business 5:6, 9:30 (Thurs. 10 p.m. only); Rav-Gan 3: Eloni 5:7, 9:30, 9:40; Rav-Gan 4: Jagged Edge 7:20, 9:45 (Thurs. 10 p.m. only)

**HERZLIYA**  
David: Remo 5:7, 15, 9:30; Hechal: Indiana Jones and the Temple of Doom 5:7, 9:30, 9:30; Tiferet: Miami Super Cop 4:30, 7:30, 9:30; Daniel Motel: Prizzi's Honour 7:30

**HOLON**  
Migdal: Wildcats 7:15, 9:30 (Thurs. 10 p.m. only); Savoy: Out of Africa 6, 9; Armon Hamehushim: Target 7:30, 9:30

**BAT YAM**  
Atzmon: Jagged Edge 5:7, 9:30, 9:30

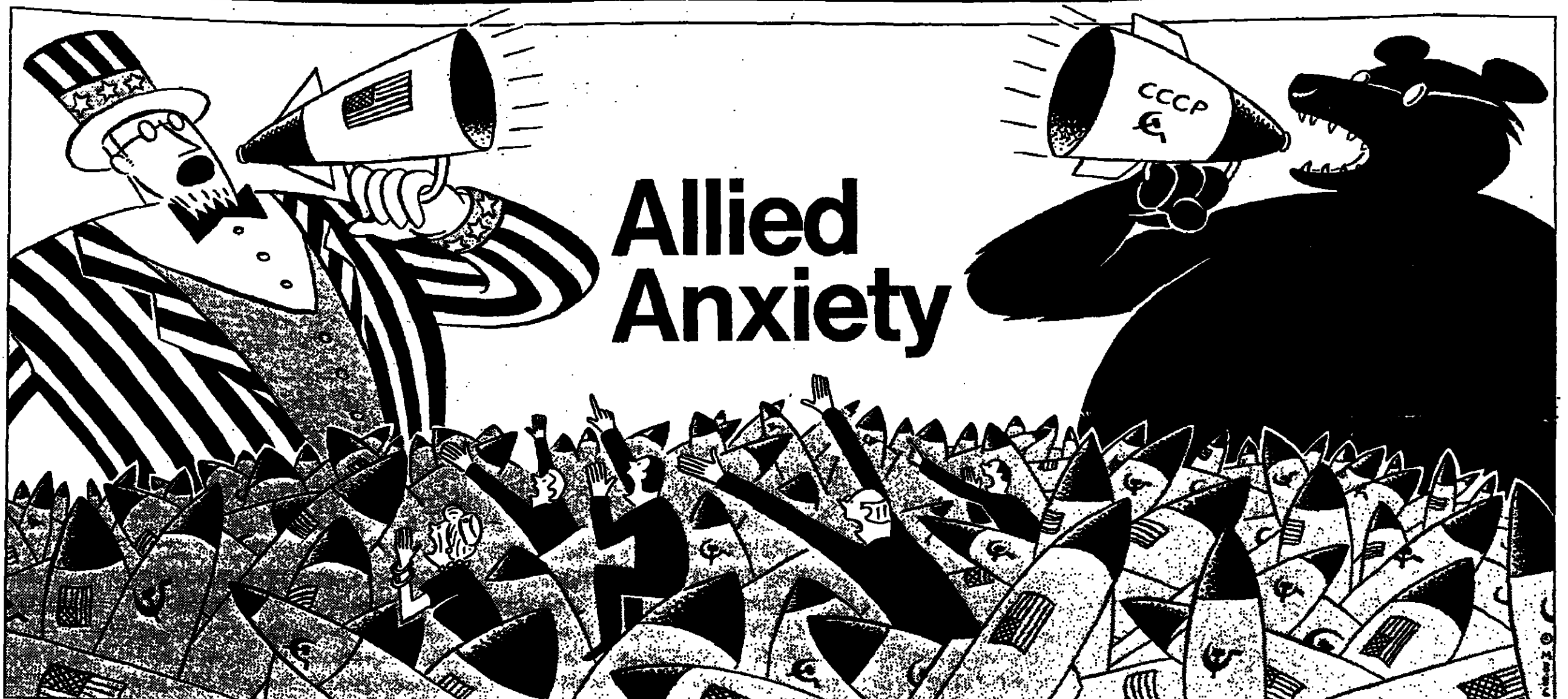
**GIVATAYIM**  
Hader: Out of Africa 6, 9

**RAMAT HASHARON**  
Kochavi: Back to the Future 7, 9:30

**PETAH TIKVA**  
G.G. Hechal 1: Out of Africa 6, 9; G.G. Hechal 2: Commando 5:7, 9:30, 9:30; G.G. Hechal 3: 914 Weeks 5:7, 15, 9:30

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Reagan Win  
On Weapon  
To Saudi Ar





Drawing by Michael Bartalos

## On Arms Control, Europe Would Prefer To Speak for Itself

By JOSEPH LELYVELD

**F**EW would question that Margaret Thatcher has earned the right to be called Ronald Reagan's best friend in Europe. But every time that accolade is extended by an overzealous Washington proconsul, she slips a little further in British opinion polls. Last week, she disagreed with the President openly on a major issue for the first time since the 1983 Grenada invasion, but neither London nor Washington appeared to listen.

The issue was President Reagan's proclaimed readiness to cast aside restraints on strategic weapons built into the unratified 1979 accord with the Soviet Union, on grounds that Moscow's interpretations of the agreement had become so loose as to amount to outright violations. It was an issue on which no European leader was prepared to stand with Mr. Reagan but which was felt most keenly by those who had stood closest to him in the past, notably Mrs. Thatcher and Chancellor Helmut Kohl of West Germany. The early reaction in most European capitals could be described as merely diplomatic; in West Germany and Britain, where the American presence is most visible and potentially most at issue, it was diplomatic and political.

The British Prime Minister had made the European case against the President's decision forcefully in a personal encounter last month with his envoy Paul Nitze and then, according to an official source, in three personal messages. Her Foreign Secretary, Sir Geoffrey Howe, had put British opposition to breaching the accord in tactful but unmistakable terms at a meeting of NATO foreign ministers in Nova Scotia, where the strain in the alliance became public. Yet when confronted on the issue in the House of Commons, Mrs. Thatcher found herself on the defensive, as she has been routinely for months now, for allowing British national interests to take second place to Mr. Reagan's wishes.

"You have a duty to speak for this country, rather than wait to be told what to say by the President of the United States," said Roy Hattersley, the deputy leader of the Labor Party, which is riding higher in the polls than at any time since the 1983 election. Mrs. Thatcher, of course, understood that Mrs. Thatcher had privately objected to the President's stand and would now be getting strong diplomatic advice to minimize rather than agonize over the rift in the alliance. Accordingly, she replied that she hoped both Moscow and Washington would respect the treaty's limits; but she did so in terms so guarded that the respected Financial Times reported that she had "fully supported" a position she had actually opposed.

Members of her own Cabinet felt the time had arrived for open criticism of President Reagan's arms control stance, if only in the interests of the Conservative Party. "Just a month after Libya, this is what we get," one said, referring Mrs. Thatcher's decision to allow the use of British bases for the April bombing raid, knowing it would hurt her by inflaming latent anti-American and not-so-latent anti-Reagan feelings. Responsible officials speculated about whether she would again mute her criticism if the Americans actually breached the treaty's ceiling later this year by arming the 131st B-52 bomber with cruise missiles.

Politicians and commentators here and in West Germany were irritated in part by Washington's apparent readiness to dismiss as predictable jitters the disquiet of conservative leaders such as Chancellor Kohl and Mrs. Thatcher. But they were really galled by a judgment that the Reagan Administration was unilaterally taking risks for the alliance for reasons that appeared to be essentially ideological and symbolic. Professor Lawrence Freedman of Kings College, London, a commentator on arms issues, noted that the United States in a period of budgetary constraint was not poised for a new phase in the arms race. The President's decision, he wrote, offered no strategic benefits worth the political costs.

The immediate cost, as calculated here

and on the Continent by diplomats and politicians was in the impact on European opinion: Washington's abandoning an arms control agreement on the strength of abstruse technical arguments concerning telemetric encryption of Soviet missile tests and a radar station in Siberia, might be casually taken by Europeans as balancing out the disaster at the Chernobyl reactor.

That is, they might take it as a demonstration that neither superpower was acting responsibly on nuclear issues. This, at least, was the fear.

### Election Test for Kohl

Chancellor Kohl, whose Christian Democratic Party is a less heavy favorite than it was to win the January national election, may be able to figure the cost as early as next Sunday's crucial state election in Lower Saxony. Mrs. Thatcher faces no such immediate test. But she knows that a central issue in the next British election will be the Labor Party's commitment to removing American nuclear missiles. This issue was a winner for her party three years ago but now appears less clearcut in a country where more than half of those surveyed in a recent poll could agree that the United States was as great a threat to world peace as the Soviet Union, or a worse threat.

Beyond its presumed impact on opinion and the prospects of Mr. Reagan's friends—both of which remained to be seen—the American decision caused disquiet because it seemed to demonstrate that the Administration's arms-control policy was as much in flux as ever and still hostage to competing points of view. "It's the final straw for many of us," said a leading British political figure who is not in Government. "I'm fed up to the teeth with the Administration's inability to know which course it is steering."

Few believed what many said, that the President's decision might be part of a deliberate negotiating strategy designed to shock the Russians into compromises at Geneva. Yet some still hoped it could have that effect, or that the result might be different if a summit meeting with Mikhail S. Gorbachev, the Soviet leader, is on the schedule when Mr. Reagan has to decide whether to make good on his threat to breach the treaty. Some even drew encouragement from the fact that so many Europeans stood united—against the American position. The hope was that next time European influence might be less marginal.

But the most common conclusion was the gloomy one drawn by Willy Brandt, the former chancellor who is chairman of the opposition Social Democrats in West Germany. "Consensus between the present American Administration and Europe is becoming an illusion," he said. "The alliance is being drained."

## Behind the Administration's Threat to Dispose of SALT II

By BERNARD GWERTZMAN

**S**ECRETARY OF State George P. Shultz held an unpublicized all-day meeting in his office last weekend to hear the views of a dozen arms-control experts on what the Reagan Administration should do next. The session underscored Washington's sense of uncertainty regarding arms-control policies.

Despite vows to seek dramatic weapons cuts, the Administration is perceived in many quarters as fundamentally uninterested in arms control.

The skepticism was evident in a discussion at a House Armed Services Committee hearing on the Administration's announced intention to scrap the 1979 strategic arms treaty. Arguing that abandoning the agreement would set the stage for a burst of new Soviet weapons, critics in Congress have introduced legislation that would force President Reagan to remain in compliance with it.

One Administration response last week was this, from Richard N. Perle, the Pentagon's chief arms-control ex-

pert: "Either the Congress will stand with the Administration or the Congress will stand with the Soviets."

For Mr. Perle to contend that Congress was encouraging Russian intransigence was not unusual. What was unexpected was the enthusiasm Mr. Shultz displayed for discarding the unratified 1979 treaty, known as SALT II.

For years, the Secretary of State had argued against such a move. Now he was vigorously defending the President's decision.

Calling the move "a shift of gears from a form of restraint under a treaty that we never ratified and was being violated, for that matter, and has been increasingly obsolete," Mr. Shultz explained: "The President said, let's shift to a form of restraint that looks at the behavior by the Soviet Union and looks at the responsibility that the United States has and its allies have for maintenance of defensive deterrent strategy."

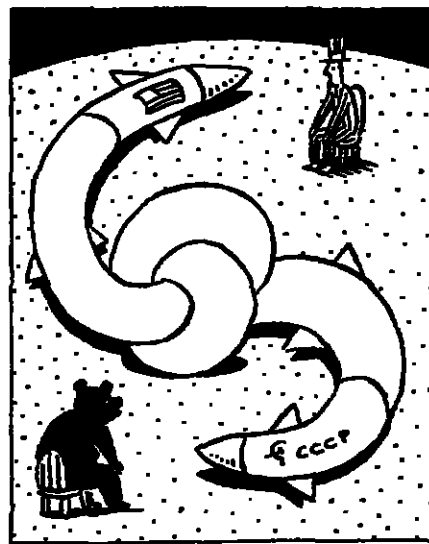
In Geneva, meanwhile, Soviet arms control negotiators suggested the makings of a deal that would commit the United States to strengthening another treaty, the 1972 accord that limits defensive missiles and places constraints on developing new types of defenses.

### The Pentagon View

In return, the Russians would move toward the significant, 50 percent cuts in strategic arms that Mr. Reagan and Mikhail S. Gorbachev, the Soviet leader, agreed upon as goals.

The Pentagon viewed the offer as a device to hobble Mr. Reagan's cherished defense project, the Strategic Defense Initiative, commonly called "Star Wars." Last week, the President again appealed to Congress to approve \$4.8 billion for the program for next year.

Casting doubt on Soviet intentions and insisting that research on the defensive weapons program must proceed, Defense Secretary Caspar W. Weinberger said: "What they want, and what they most of all have tried to get in every discussion we've had since 1983, is to have us give up the Strategic Defense Initiative."



## Major News

### In Summary

### Reagan Wins On Weapons Sale To Saudi Arabia

Ronald Reagan telephoned; George Shultz telephoned; even Jimmy Carter got on the phone to urge support for the President's foreign policy in general and the sale of weapons to Saudi Arabia in particular. In the end, the Administration prevailed, with 34 senators voting for the deal last week.

However, 66 senators voted against Mr. Reagan, one short of the two-thirds majority required to override last month's Presidential veto of Congressional action that would have blocked the Saudi sale.

Each side claimed a victory of sorts. Mr. Reagan, calling himself "one happy man," said defeat would have had a "terrible impact" on the Middle East peace process. For the chairman of the Foreign Relations

Committee, Senator Richard G. Lugar, Republican of Indiana, the issue was: "Do you want to let this President, this Secretary of State, have a shot at the peace process or not?"

With last week's narrow victory in hand, the Administration again cited Presidential responsibility for national security on another front—as an argument for Congressional approval of military aid for the Nicaraguan insurgency. The House was expected to vote on the issue next week.

However, Senator Alan Cranston, the California Democrat who led the opposition to the Saudi sale, expressed pleasure that proponents had obtained only "10 percent of what they wanted."

At one time, the Administration had hoped to sell Saudi Arabia helicopters, tanks and three varieties of missiles in a \$1 billion deal. But critics in Congress argued that the Saudis had supported Libya, Syria and the Palestine Liberation Organization and had obstructed Israel-

United Press International  
Senator Richard G. Lugar

Arab peace efforts. So the White House decided to omit the helicopters and tanks.

When the House overwhelmingly rejected this plan, the Administration trimmed the package again, leaving out the shoulder-held Stinger antiaircraft missiles that, opponents contended, could fall into the hands of terrorists.

Even so, the Senate voted down the remainder—mainly Sidewinder air-to-air missiles and Harpoon air-to-ship missiles valued at \$250 million.

Mr. Reagan vetoed the rejection. Last week, he persuaded eight former opponents to change their minds; four senators who had been absent showed up to vote his way.

Mr. Cranston said the narrowly contested outcome "sent a clear signal to Saudi Arabia: Friendship is a two-way street, and we expect more of you." "We will have to do much better in the Middle East," Mr. Lugar said. "Everyone understands that, including the President."

From the start, judgments on the Saudi weapons issue were colored by electoral concerns. Although the sale was not actively opposed by groups that represent Israeli views in Washington, Mr. Lugar said many senators up for re-election believed that voters who care deeply about Israel might react against supporters of the deal.

### A Secret Case And a Conviction

After receiving a rare look at the inner workings of the hypersecret National Security Agency, a Federal jury in Baltimore concluded last week that Ronald W. Pelton was guilty of selling to the K.G.B. details about America's ability to eavesdrop on Russian communications.

The evidence in this trial, the latest in a budding series involving home-office analysts accused of espionage, included a few dollops of classified information intended for the jurors' eyes only.

There was also an unusual amount of public testimony by N.S.A. officials, perhaps the most reclusive members of the sprawling intelligence community. William P. Crowell Jr., who oversees the agency's efforts to intercept Soviet signals, said the information peddled by Mr. Pelton, a former N.S.A. staff officer, would have allowed Moscow to protect itself from some highly sophisticated snooping devices.

Such was the Administration's discomfort with the trial that the head of the security agency, Lieut. Gen. William E. Odom, and the Director of Central Intelligence, William J. Casey, warned the press against

making too much of what was seen and heard in the courtroom.

During the proceedings, prosecutors made as much as they could of statements they said Mr. Pelton had volunteered in November to agents of the Federal Bureau of Investigation, describing meetings he held with Russians in Vienna in 1983. Defending himself, Mr. Pelton testified that the F.B.I. had tricked him, in part by making him think he was being recruited as a double agent.

After the verdict, Mr. Pelton's lawyer, Fred Warren Bennett, said he would appeal. Judge Herbert F. Murray set sentencing for July 28. (Foreign intelligence operations in the United States, page 4.)

## Mexico Faces 'La Crisis'



# The World

## Israeli Cabinet Fires a Zealous Attorney General

After decades of living with the threat of terrorism, many Israelis are ready to subject attackers to the Old Testament code that requires an eye for an eye. Reflecting those sentiments and perhaps additional concern about findings that might embarrass the Government, the Israeli Cabinet dismissed Attorney General Yitzhak Zamir last week. Mr. Zamir had insisted on proceeding to investigate an alleged coverup after two terrorists were battered to death in 1984.

The terrorists, captured after hijacking a bus, were killed while in the custody of Shin Beth, the Israeli security agency, according to Israeli press and radio reports. There were published allegations in Israel that Avraham Shalom, the head of Shin Beth, had authorized their deaths and that Prime Minister Yitzhak Shamir later approved a Shin Beth coverup. Mr. Shamir has since become Foreign Minister in the coalition headed by Shimon Peres.

"I am in favor of leaving the head of Shin Beth alone," Mr. Shamir now says. "I think that this issue has been spoken about and tried into too much." Mr. Peres agreed that an inquiry could harm state security.

Attorney General Zamir submitted his resignation in February, but the coalition Cabinet was unable to agree on a replacement. Last week, it decided to give the job to Judge Yosef Harish, who appeared inclined to cooperate in keeping any further investigation of the case as secret as possible. Previous inquiries have cleared the Shin Beth.

## More Fighting Rages in Beirut

In much of the world, Moslems were quietly observing Ramadan, their holy month of daytime fasting, but it was violence as usual in Beirut last week. Using Syrian-supplied Soviet T-54 tanks and heavy artillery, Shiite Moslem militiamen battered Palestinian districts south of the city. The Shiites seized the West Beirut headquarters of Sunni Moslems, who used rocket-propelled grenades, mortars and heavy machine-guns to come to the aid of the Palestinians. Since this latest round of fighting erupted on May 22, more



Shiite militiamen firing at pro-Palestinian fighters in Beirut last week.

than 100 Lebanese and Palestinians have been killed, and at least 400 have been wounded.

Amal, the Shiite militia, has said it is determined to prevent the Palestinians, most of whom are Sunni Moslems, from regaining the dominance they lost in West Beirut when Israeli invaders drove them from Lebanon four years ago. A Palestinian resurgence could provoke renewed Israeli military actions, the Shiites argue. Nabih Berri, the Amal leader and Lebanon's Minister of Justice, accused the Palestinians of trying to expand beyond their districts — Sabra, Shatila and Burj al Brajneh.

Prime Minister Rashid Karami and other Sunni leaders appealed to Syria to use its influence to stop the carnage. Mr. Karami dispatched Lebanese police and army patrols to try to regain control of the streets. The fighting was triggered when the bullet-riddled bodies of two Amal members were recovered. The men had been kidnapped in February, reportedly by Sunni militiamen.

## Progress Report For Mrs. Aquino

The unexpected presidency of Corason C. Aquino marked its first 100 days last week. Mrs. Aquino gave an impassioned speech, and a staff report said she had fulfilled 10 of her pledges for the first three months, started on six others and had left one pending. She has re-established an independent Supreme Court, removed limits on the press, appointed a panel to write a new Constitution and, in spite of a stubbornly small number of loyalists who continued sporadic protests last week, attempted to pull up by their roots remnants of the regime of her predecessor, Ferdinand E. Marcos.

Mr. Marcos won a personal victory of sorts last week. A Federal judge in Honolulu ordered Customs officials

to return millions of dollars' worth of valuables taken when he arrived from the Philippines in February. Mr. Marcos's lawyers argued that seizure of the goods had deprived him of his rights as a head of state.

As Mrs. Aquino's peaceful revolution passed its first benchmark, it seemed clear that her power derives not only from what she has done but from what she is. "She symbolizes all that we've gone through and all that we hope for," a Philippine journalist said. "Even the vagueness of her is symbolic. That's why people are willing to take her with a certain faith, because she is us."

Congratulations were not confined to the Philippines. Speaking in New York, Secretary of State George P. Shultz said Mrs. Aquino "is headed in the right direction," adding that the White House was seeking \$500 million in economic aid and more than \$100 million in military aid to get her there sooner.

Both are sorely needed. Mrs. Aquino has made little progress economically. And although she has invited insurgents to come down from the hills to talk, the chief of the armed forces, Gen. Fidel V. Ramos, said yesterday that he doubted the talks would be fruitful. He also said the rebels were taking military advantage of the "liberal atmosphere." However, Mrs. Aquino said she had received word that the Communists had chosen an envoy to discuss her call for a cease-fire.

## A Tougher Shultz Criticizes Pretoria

Constructive engagement, as the Reagan Administration's quiet coxing of South Africa's white-minority Government is called, was buttressed last week with criticism that may have seemed anything but constructive in Pretoria. "Apartheid is wrong," Secretary of State George P. Shultz told a clerical conference in Washington. "It robs the blacks of South Africa of their fundamental human rights. It drains the country of its human potential, and it threatens the security and economic prospects of an entire subcontinent."

While Mr. Shultz defended the Administration's opposition to harsh economic sanctions and disinvestment, he said it was time for the South African Government to negotiate with black leaders for "a democracy that knows no color."

There was more of the same in South Africa last week from more than 80 member companies of the American Chamber of Commerce, including I.B.M., Citibank, Coca-Cola and Union Carbide. They placed full-page ads in newspapers calling for the freeing of political prisoners, the removal of discriminatory legislation and the legalization of outlawed political organizations, presumably including the exiled African National Congress.

South Africa has ruled out talks with the A.N.C. because, the Government says, it espouses the violent overthrow of white-minority rule. There was no official response to the ads, but the Pretoria Government chose last week to launch a new campaign depicting the congress as a Communist-led group intent on seizing total power.

In the face of South African obduracy, a prestigious panel of Commonwealth leaders, the Eminent Persons Group, decided last week to end its attempt to mediate between Pretoria and the A.N.C.

## Haiti's Chief Sees 'Edge of Anarchy'

Is Haiti's new Government losing its grip? That seemed to be the assessment of the man charged with maintaining it, Gen. Henri Namphy. President of the three-member council that took charge four months ago after the fall of Jean-Claude Duvalier. As a wave of anti-Government protests continued in the capital, Port-au-Prince, and outlying towns, General Namphy warned on national television that the country was on "the edge of anarchy" and civil war.

The protests, which began nine days ago, were ignited by the Government's appointment of Mr. Duvalier's former trainer, once a soccer star, as a commentator for the World Cup soccer matches. But the demonstrations soon grew into more general expressions of disenchantment with the Government and its failure to ameliorate Haiti's desperate poverty.

There were also calls for the resignations of General Namphy and the other military member of his council, Col. Williams Regla, who has been accused of being close to Mr. Duvalier and protective of Duvalier loyalists. Haitian politicians announced a general strike for tomorrow to press for dismissal of Colonel Regla. But General Namphy insisted that he would not accept dictators. He attributed the trouble to "politicians carried away by ambitions for power." Still, at week's end an official promised presidential elections by late next year.

Richard Levine, Mik Freudenheim and James F. Clarity

## Rival Leaders Struggle to Hold a Movement Together



Agency France-Press

## Korea's Opposition Is Coming Out in the Open

By SUSAN CHIRA

THESE are heady days for opposition leaders here. Encouraged by recent events, they dream of assuming the national power they have sought for years.

Tens of thousands of Koreans have turned out at rallies across the country to back opposition demands for constitutional change. President Chun Doo Hwan has reversed direction, endorsing some change before his term expires. And although the obstacles that remain are legion, a tentative step toward political dialogue was taken last week when Mr. Chun met with Lee Min Woo, the president of the opposition New Korea Democratic Party.

Visions of a democratically elected South Korean Government revolve around the two main opposition leaders — Kim Dae Jung and Kim Young Sam. But the men are longtime rivals, and the closer success seems to come, the more intense becomes the competition between the calls of personal ambition and party unity.

Ever since Kim Dae Jung returned to Korea last year from self-imposed exile in the United States, the two opposition leaders have taken pains to work in tandem, carefully coordinating public statements and avoiding speculation about what would happen if the rules changed and they were free to run for president.

But the partnership came under strain last week during negotiations about change. Kim Young Sam and his followers in the New Korea Democratic Party appeared to stake out a more moderate stance, agreeing to participate in a constitutional review committee with Government officials. Kim Dae Jung had demanded preconditions, notably the release of political detainees. Intense maneuvering ensued and Kim Dae Jung, who has remained skeptical of the Government, was forced to go along with the fait accompli. But he insisted that the party renew its demand for the release of detainees.

"There was strong criticism within the party and outside the party," Kim Dae Jung said. "In the party, my faction raised the problem, and said this was a breach of faith. So the party once again adopted the issue." Though quickly patched up, the incident emphasized the differences between the two leaders in style and in substance. Kim Young Sam, a trim, silver-haired

man with a courtly manner, is regarded by diplomats and Government officials as a pragmatic deal-maker and extremely effective politician. Kim Dae Jung tends to be passionate, a bit more of a visionary but also more intractable.

"Kim Young Sam is a party machine man, and people say he was a better parliamentary performer," a Western diplomat remarked. "Kim Dae Jung is a popular leader, a man who can appeal to the masses and whose power base rests on popular support."

The differences are evident in their statements. "If we fail to realize a democratic constitution," Kim Dae Jung has said, "next spring we will appeal to our people to rise up and have non-violent demonstrations in the streets to force the Government to accept democracy."

Asked about this possibility, Kim Young Sam said: "I don't think it necessary to project the next step because I'm hopeful something will come up before then. If President Chun postpones this opportunity, it would be a bad thing for the people and the country."

For now, the two leaders have managed to stick to one platform. But if the opposition and the ruling Democratic Justice Party agree on arrangements for an election, a choice will have to be made between the opposition leaders.

### Consensus for an Open Election

Some people believe that because Kim Dae Jung has implacable enemies in the Government and the military, his election as President could provoke a coup — providing, of course, that he could run at all; he is banned from all political activity. "The only way the Government will allow direct elections is if Kim Dae Jung says he will support Kim Young Sam," said a professor at Seoul National University.

Government politicians demur. "There are many people in this country, including some elements in the military, who really dislike Kim Dae Jung," said Hyun Hong Choo, a prominent member of the ruling party. "But the consensus is to have a more open and fair election process, and that should be the issue."

Both leaders deflect such discussion, saying only that they believe the opposition would win a free election. Kim Young Sam has continued to stand with Kim Dae Jung despite Government attempts to pry them apart. President Chun, whose Government convicted Kim Dae Jung of treason and then commuted his death sentence under



Kim Dae Jung

Woodfin Camp/Charlyn Zlotnik



Kim Young Sam

Woodfin Camp/Charlyn Zlotnik

pressure from Washington, has ignored proposals to meet with the two Kims. The head of the Government party has offered to meet with Kim Young Sam alone. "I have no plans to do that," Kim Young Sam said. "I think the Government attitude is a mixture of psychological resentment toward that particular individual and, at the same time, an interest in dividing the party."

Few predict that the Kims will maintain their amity through a nominating process. "These two have been working since the beginnings of their careers for this moment," a diplomat said. "When you believe that the good of the country is the same as your own good, it's not a matter of compromise."

## War Crimes Files Are Only Part of the Archives

## A History of the U.N. In Just 50 Million Pages

By ELAINE SCIOLINO

THE United Nations Archives are tucked away on the top two floors of an office building at 345 Park Avenue South, near 25th Street. The records there might have remained among the most obscure resources of the United Nations had it not been for the recent discovery that the 50 million pages of documents included a secret file accusing Kurt Waldheim, the former Secretary General, of war crimes.

The report on Mr. Waldheim, who is favored to win the Austrian presidency in a runoff election today, is one of more than 36,000 sealed files on war criminals, suspects and witnesses compiled by the United Nations War Crimes Commission from 1943 to 1948 and deposited with the United Nations in 1949. Israel petitioned to have the files made available to the public, and Javier Pérez de Cuéllar, the Secretary General, has said he will ask the 17 governments that made up the commission for the right to release the documents. He has agreed to give Israel the master list of war crimes commission files upon receipt of a written request, a spokesman for the Secretary General said Friday.

Because governments can request information only on specific people, the master list — which was discovered last month on an open shelf in a United States military archive in Maryland —

will in effect give Israel blanket access to the commission collection.

In 1948 the war crimes commission, which had no connection with the United Nations, concluded that there was sufficient evidence to prosecute Mr. Waldheim, who had served in the German army, for the murder of Yugoslav partisans in World War II. Israel, the United States and Austria requested copies of the Waldheim file in April, and a week ago, the World Jewish Congress released copies to the press.

In the 1970's, when Mr. Waldheim was Secretary General, French, German and Austrian officials inspected his World War II military records, according to reports last week. The Europeans were thus in a position to have known that Mr. Waldheim had falsified accounts of his wartime service — he originally said he left the military in 1941 to study law — but they never asked for his file in the United Nations Archives, according to chief archivist, AH Erlandsson. All three countries say they are investigating the matter.

In recent weeks, the Waldheim files have been moved into a locked room where they are kept in two large safes, their indexes in padlocked filing cabinets. United Nations officials are so worried about sabotage that, after an investigation of the security and alarm systems, they ordered the archives removed from the directory in the Park Avenue building lobby.

For Dr. Erlandsson, who runs the facility with

an annual budget of \$1.3 million and a staff of 25, the sudden attention has been a mixed blessing. "This is a scholarly operation not usually in the limelight," he said. "I'm delighted that the administration is finally paying some attention to our physical needs — security and climate control — but I haven't been able to focus on anything but war crimes for two months."

Because researchers can pass through the locked doors only if they have appointments, the archives are mainly used by serious scholars. "We're not taking people off the streets like they do at the National Archives in Washington," said Marilla Gupta, the deputy archivist. "We don't get the oddballs here."

The most-used files are United Nations Relief and Rehabilitation Agency documents on the millions of refugees in the postwar period. Other popular documents are those on the mediation on Palestine in 1948 by Count Folke Bernadotte and the history of Middle East peacekeeping operations.

Also among the files are the handwritten draft of the Universal Declaration of Human Rights, Le Corbusier's never-used sketches for the United Nations headquarters and proposals to put the United Nations in Westchester County.

Dr. Erlandsson calls the archives "the history of the United Nations, positive and negative." But he laments the gaps in the collection. The papers of Secretary General Trygve Lie, for example, have never been found. Many of the records from the United Nations Truce Supervision Organization on Palestine in Jerusalem were destroyed during the Six-Day War in 1967 before they could be transferred to the archives.

The most significant document missing from the collection, however, has to be the original United Nations charter of 1945. That document was permanently deposited in the Library of Congress. The United Nations Archives has only a facsimile.



## 'La Crisis': Mexico's Ballooning Debt

## An Economy Struggles To Break Its Fall

By WILLIAM STOCKTON

**E**LIAS ALVAREZ, a 46-year-old accountant, from the Gulf Coast state of Tamaulipas, is taking off the entire month of June to attend the World Soccer Cup here. During half-time, while delightedly watching Mexico defeat Belgium, Mr. Alvarez confessed that he had come without his employer's permission. "This is the World Cup," he shouted above the din in the stadium. "I can always find another job."

Such attitudes are common. This month, "La Crisis," as Mexicans call their country's worsening economic situation, has been hidden in the closet here, although in Washington, two Senate Foreign Relations subcommittees have scheduled a joint hearing this week on Mexico's finances. But in July, after the soccer teams and fans have departed, the economic gloom will be hard to escape. There can be little doubt that Mexico is within a few weeks of being unable to pay the interest on its \$99 billion foreign debt. Some sort of moratorium on the interest payments seems to be under consideration. Treasury Secretary Jesus Silva Herzog weighed the possibility last week in an interview with The Associated Press. Asked whether he expected to suspend payments, he referred to talks under way with the International Monetary Fund and foreign bankers, saying: "It depends a lot on the outcome of these conversations and negotiations."

"There will have to be a negotiated moratorium with the banks," a senior Mexican lawmaker said. "If you have \$100 in your pocket and need \$70 to live, that leaves \$30 to pay on your debt. And that is all you can pay, even though you owe more. That is Mexico's situation now." President Miguel de la Madrid Hurtado sounded a similar theme, albeit indirectly, last week. "This payment capacity — and our creditors must understand this — can only be kept up and increased (which is in their own interests) to the extent that Mexico is allowed to keep on growing," he said. "Dead men do not pay debts, and there are no bankrupt customers."

Increasingly, Mexican officials have been saying that the proportion of the country's resources going to service foreign debt is foreclosing its ability to encourage badly needed growth.

The fundamental problem, of course, is simply that Mexico spends more than it earns. This was true late last year, when Mexican crude oil was fetching \$24 a barrel. Now, with crude in the \$15 range, the situation is acute. Oil revenues are likely to be \$6 billion less than forecast this year. In December, before prices plummeted, Mexico said it would need \$4 billion in foreign loans to balance its 1986 budget. After prices fell, Mexico stuck by the \$4 billion estimate, saying it would make do by increasing other exports, cutting Government spending and forgoing growth in foreign exchange reserves. But Government and private economists, foreign bankers and diplomats here have concluded in recent weeks that the formula is not working. A gap of several billion dollars looms between expenses and income.

Meanwhile, as deadlines draw nearer for interest payments and the eventual repayment of principal, negotiations for new loans appear stalled. Foreign bankers have said they will not discuss further financing until Mexico and the International Monetary Fund agree on economic performance goals and new I.M.F. credits. The negotiations are secret, but it is widely believed that a major stumbling block has been Mexico's growing federal deficit. From just under 10 percent of the gross domestic product in December, the deficit has risen to 12 percent or more.

Previous I.M.F. agreements required deficits in



An oil refinery and industrial complex in Veracruz, Mexico; unemployed tradesmen advertising their skills in Mexico City.



Sygnia/Randy Taylor (refinery); Woodfin Camp/Terry Moore

the 5 percent range. This is not the first time that Mexico has faced default on its foreign debt. The current crisis has its roots in a similar situation in August 1982. Mexico was rescued then by a financial package put together by the United States Government, foreign banks and international lending agencies.

The Government's budget deficit, and the cost of paying 70 percent a year interest on it, is the other culprit in Mexico's economic travails. The deficit and interest costs are blamed for 70 percent inflation and the severe credit crunch, which has left private companies starved for operating and expansion capital. In April,

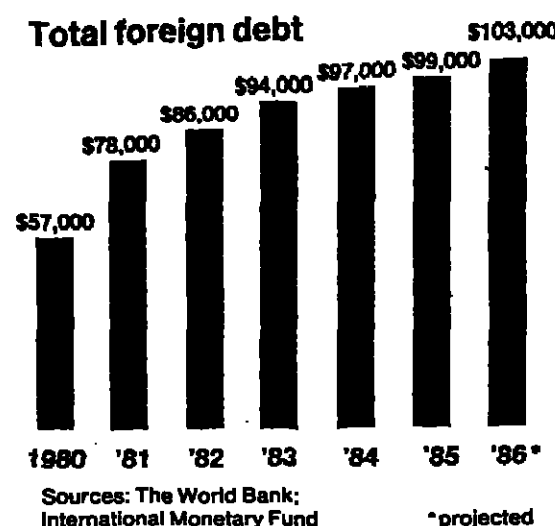
the Government announced a budget cut of almost \$1 billion, but it was disparaged by many private economists and diplomats. "It was a very small cut," an economist said. "They've put off capital expenditures and long-term projects. But I don't see that any governors have given up their helicopters or that Christmas bonuses for Government employees will be cut."

Citing repeated austerity moves since 1982, officials insist that there is no room for further budget cuts. They see no way to close the gap except by reducing payments to foreign creditors.

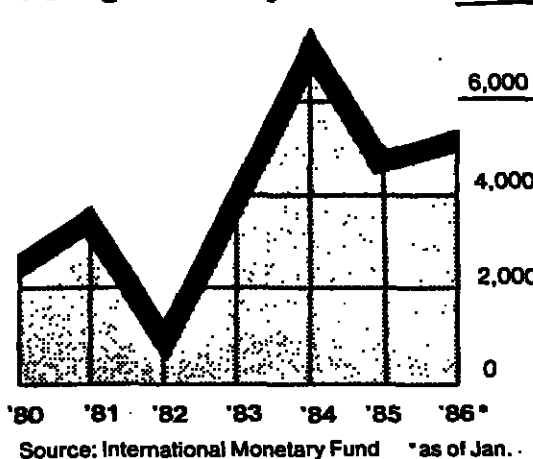
But Mexican officials are careful to stress a bilat-

## A neighbor in peril

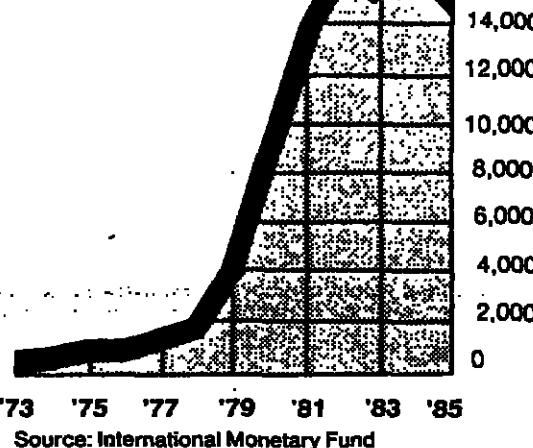
Selected data on Mexico's economy, in millions of dollars



## Foreign currency reserves



## Petroleum export revenues



eral approach. They envision sitting down with foreign bankers and, presumably, officials of the United States and other industrialized countries to work out a new financial order. The Mexicans are particularly wary of declaring a unilateral moratorium, fearing repercussions from the United States. Some even speculate that the Reagan Administration might retaliate by closing the border.

For months, a sort of Greek chorus of left-wing parties and labor groups has been singing of a foreign debt moratorium. Now, the major actors in Mexico's economic drama are beginning to join in.

## Rebels Agree to Return to the Table in El Salvador

## Once Again, Duarte Is in a Mood to Talk

By JAMES LEMOYNE

**I**N AN unexpected move last week, President José Napoleón Duarte of El Salvador ended 19 months of inactivity on the peace front by offering to reopen talks with leftist guerrilla leaders. The rebels almost immediately accepted the offer. But few Salvadorans were optimistic that an end to the six-year civil war might be in sight. Two past meetings between the guerrillas and Government have ended in deadlock, with the rebels demanding a share of power, and Mr. Duarte offering them only a chance to participate in elections.

Mr. Duarte, who made the offer in a speech marking the second anniversary of his Government, knows better than anyone that the chances for success in the talks are remote. But he also understands that his Government may lose ground, both inside and outside the country.

Within El Salvador, leaders of the ruling Christian Democratic Party are concerned that they are losing support because they have been unable to improve the standard of living of their peasant and trade union backers or bring peace.

Internationally, Mr. Duarte appears to be playing a card in the maneuvering surrounding the Contadora regional peace treaty, which calls for internal reconciliation in Central American states. By agreeing to talk to his opposition, Mr. Duarte increases pressure on the Sandinistas to talk to the American-backed rebels fighting in

Nicaragua, a concession that the Reagan Administration has sought and that Mr. Duarte has tacitly supported.

The Salvadoran leader's internal problems are less easy to address. American officials who have spent the last five years overseeing the expenditure of more than \$2 billion in economic and military aid are concerned about the Government's inability to deliver basic services and a sense of greater well-being. In spite of the huge outlay of cash in a country the size of Massachusetts and the Government's promises to bring reform, there is little evidence of improvement in the lives of the poorest and neediest. When a senior foreign diplomat was asked to describe a single effective program in literacy, health, nutrition or housing, he could not.

It is a measure of the depths of El Salvador's malaise that Mr. Duarte's greatest achievement has been to curb the wanton killing by the police and army. But the abuse of prisoners and a handful of political killings continue. "The tragedy may be that Duarte will leave the people of El Salvador without faith that a democratic system can do any good for them," a foreign diplomat said.

Mr. Duarte is further weakened by the war and the polarization that leaves both the extreme right and the extreme left as his sworn enemies. The guerrillas of the Marxist-led Farabundo Martí National Liberation Front have made a campaign of exhaustion their strategy, a war aimed at keeping the Government off-balance and sharpening social discontent. It is a plan that is unlikely to bring outright victory. But it has allowed the rebels to survive as a military and political force.

While the Salvadoran army has improved markedly, the guerrillas still managed to kill 477 soldiers in the last year and wound 2,482, according to Mr. Duarte. The numbers undermine any claims of a quick Government victory, a fact that has begun to rankle army commanders. In an unusual public denunciation last week, the Army Chief of Staff, Gen. Adolfo Blandon, said: "What is holding up a military victory in my opinion is the political polarization in the country."

Rebuilding will not be an easy task in a land where as much as a tenth of the population is in refugee camps or exile, more than a third of the country is often a battlefield and more than 60,000 have died. Mr. Duarte probably has little alternative except to talk to the guerrillas. But so far neither he nor they appear to have found the means to negotiate an end to their war — or to win it.



President José Napoleón Duarte

## A Nation Learns to Feed Itself

## Zimbabwe's Fertile Fields

By EDWARD A. GARGAN

**M**AREVA GURAJENA, a stocky bearded man wearing a beige baseball cap, peeled the husk from a thin ear of corn and muttered. At his side, Jeff Chirisa bent down and shook his head. "The plants are too close together," said Mr. Chirisa, spreading his fingers between two stalks. "And the rows are too close together."

Mr. Chirisa is one of 600 agricultural extension officers helping turn men like Mareva Gurajena into successful farmers. In the process, they are also changing the face of agriculture in Zimbabwe and providing a model for a continent struggling to survive.

At the time of independence six years ago, virtually all agricultural production in Zimbabwe came from sprawling commercial farms owned by whites. Under both the British colonial government and 15-year rule of Ian Smith, white farmers were given exclusive access to the richest land. Blacks, whether struggling on small plots of their own or trying to scratch out a living at traditional communal settlements, got second best.

Today, the pattern of ownership has changed only slightly. There are still vast white-owned farmlands worked by small armies of black laborers, although there are now 4,500 white farmers, 700 fewer than in 1980. During the same time, the number of small black-owned commercial farms — from 100 to 300 acres — has risen from 9,000 to barely 10,000. More than 850,000 farmers work communal lands, fields allocated by village chiefs.

In terms of production, however, change is evident. Not far from Mr. Gurajena's farm, there are 14 massive concrete silos filled to the brim with corn and surrounded by mountains of neatly stacked burlap sacks bulging with it. That is last year's crop, uneaten and unsold. This year's harvest is expected to be larger.

Unlike many African countries, Zimbabwe not only feeds itself but also produces huge surpluses of grain. At a time when the United Nations holds a special session on plight of Africa — and agrees, as it did last weekend, to a five-year, multibillion-dollar recovery effort — that is a striking accomplishment by itself. What makes Zimbabwe's success more remarkable is the degree to which small farmers and peasants on communal lands are par-

ticipating in it. This year, estimates are that half the 2.5 million tons of corn grown will be produced by these newly emergent agricultural entrepreneurs.

Mr. Gurajena's father obtained his land in 1953, when several hundred square miles near here were designated "purchase areas" for blacks seeking more than the eight or ten acres available in the communal tracts. "When I inherited this farm, we had a drought," Mr. Gurajena said. "I had a tough time. Last year, I sold 530 bags of maize, so that's when I started thinking farming is a good thing. This year I expect roughly 600 bags."

If the crop is that good, Mr. Gurajena will earn about \$5,900, a substantial amount for a small farmer here. Mr. Chirisa, the extension worker, said it could be more. "I try to talk to as many farmers as possible," Mr. Chirisa said. "Sometimes I can see 10 a day. There is a big difference between big commercial farmers and small-scale farmers. The commercial farmer has all the machinery he needs — tractors, combines. He's ready to do a job whenever it needs to be done. A small-scale guy cannot do things in time. You tell him to plow early, but because he doesn't have a tractor, he can't do it."

Even so, Mr. Chirisa said, small farmers are improving their techniques rapidly. "Now farmers are getting the idea that farming is a real business," he went on. "They are getting away from subsistence farming." And as they do, farmers are for the first time becoming participants in the cash economy, a phenomenon that is largely unfamiliar elsewhere on the continent.

Gary S. Magadzire, president of the Zimbabwe National Farmers Union, cites several reasons for the success of black farming. "Marketing arrangements are better," he said. "And the prices are right. The Government policy has been to pay farmers a good price for their crops." But in the end, he believes the work of extension agents makes the difference. The Ministry of Agriculture has worked aggressively to train extension workers, who move around on red Honda motorcycles.

"We teach farmers how to use fertilizers, how to spray herbicides," said Mr. Chirisa. "We tell farmers how important it is to plant early. You must prepare for the season, because nobody knows when the rain begins. If you miss even one inch of rain, you are finished."

Mr. Gurajena nodded as he spoke, then looked along the overcrowded rows of corn. "Next year I will do better," he said. "It will be completely different next year."



# The Nation

## Round One In the Battle For the Senate

The early primary season drew to a close last week with elections in nine states. The results in three of them — California, South Dakota and Alabama — could portend the answer to the year's big question: Will the Democrats recapture the Senate majority? They need four more seats to do so.

Strategists for both parties said their prospects were enhanced last week. For the Democrats, that seemed less certain in California. There, Republicans choosing among 13 candidates produced a serious challenger to Senator Alan Cranston in Representative Ed Zschau of Los Altos, near San Francisco. A moderate Republican and a high-technology millionaire, Mr. Zschau — his name is pronounced like the first syllable in "shower" — benefited from a bitter battle among conservative contenders that split the vote in Southern California.

The results in South Dakota also point to a pitched battle this fall. Senator James Abdnor, widely considered one of the more vulnerable Republican incumbents, showed unexpected strength, winning the party primary by a 10-point margin over South Dakota's popular Governor, William Janklow. Mr. Abdnor's Democratic rival is Representative Thomas A. Daschle.

In Alabama, where Republicans had hoped their opponents would be forced into a divisive runoff, Representative Richard C. Shelby, a conservative, won the Democratic Senate nomination with more than 50 percent of the vote in a field of five. He is challenging Senator Jeremiah Denton, a first-term Republican.

The Alabama contest will be one of

several in which the Democrats will press what they see as one of their most potent issues, the economy and its sorry condition in manufacturing, oil and farm states. As last week's report of a 0.2 percentage point jump in the unemployment rate demonstrated, the number of jobs in heavy industry is continuing to shrink. Mr. Shelby says his main line of attack will be that Senator Denton represents President Reagan more than he does Alabama.

## Ma Bell Takes A Big Strike

Historically, telephone contracts have been pacesetters in labor negotiations. But the strike begun last week by 150,000 communications workers against the American Telephone and Telegraph Company quickly fell into a pattern familiar in other industries.

Management drew from a workforce of 115,000 supervisors, hired 3,000 replacement workers and made provision to hire 4,000 more. Morton Bahr, president of the Communications Workers of America, insisted that he had "the full support of every union in America" and would increase pressure on A.T.&T., whose long distance and equipment-manufacturing operations are in heated competition with nonunion companies. Talks, centering on cost-of-living increases and work rules, broke off early in the week.

One facet to the strike, the first since the breakup of the Bell System in 1984 and the nation's largest since 500,000 telephone workers staged a 21-day walkout in 1983, is particular to telecommunications. So far, because of deregulation and the modernization of switching equipment, the impact on most consumers has not been heavy. Local phone service, including directory assistance, is

handled by employees of local telephone companies spun off in the breakup, and about 90 percent of the 33 million long-distance calls made in the average business day are now handled by automated equipment.

## House Votes to Rehab, Not Build

A growing belief in Congress that the billions of dollars Washington has spent on public housing has failed to provide decent homes for the poor expressed itself last week in a vote by the House of Representatives to redirect the program to the rehabilitation of existing units rather than the construction of new ones.

But while the 233-to-180 vote represented a sharp break with the Federal housing policy of the last 50 years, it reflected a process that had already begun. Public housing was built at the rate of 20,000 units a year in the Carter Administration. Under President Reagan, no more than 5,000 units have been built each year. He has threatened to veto any bill that preserves housing programs at their current level, \$9 billion, as both the House measure and a similar bill approved by the Senate Banking Committee would do.

Last week's vote came on a Repub-

lican amendment to a bill that would extend most major Federal housing and community development programs. Under the amendment, the \$800 million already appropriated for construction of public housing in the 1986 fiscal year could be spent only to complete units under way, with the rest to be spent on rehabilitation.

## Reagan Nominee Is Voted Down

Nearly six months after it began deliberations, the Senate Judiciary Committee rejected last week the nomination of Jefferson B. Sessions 3d to be a Federal judge in Alabama. The vote against Mr. Sessions, who had been accused of making a number of racially insensitive statements, marked the first time the panel turned down a judicial nomination of President Reagan.

Mr. Sessions, who is the United States Attorney in Mobile, was recommended for the bench by Alabama's Republican Senator, Jeremiah Denton. A key vote against him was cast by Alabama's other Senator, Howell Heflin, a Democrat who was once Chief Justice of the State Supreme Court. "I regret that I cannot vote for confirmation," Senator

Heflin said, "but my duty to uphold the Constitution and my duty to the justice system is greater than any duty to any individual."

Attorney General Edwin Meese 3d called the rejection "an appalling surrender to the politics of ideology." Elaine Jones of the NAACP Legal Defense and Educational Fund Inc. said the vote was a warning to the Administration that the Republican-controlled committee "is taking its constitutional responsibility seriously."

Nearly a month ago, the committee, which has processed the nominations of more than 280 Federal judges since Ronald Reagan became President, declined to approve Daniel Manion for a seat on a Federal appeals court. In that case, it voted to send the nomination to the full Senate without a recommendation; the Senate may take up the Manion nomination this week.

## Cracking Down on Computer Fraud

Local law officers sometimes complain that the absence of broad Federal restrictions makes pulling the plug on computer crime more difficult. Now Capitol Hill has begun zeroing in on errant hackers; the

House last week passed a bill that makes the use of computers for certain types of fraud or theft a Federal felony.

The measure, the principal sponsor of which was Representative William J. Hughes, Democrat of New Jersey, covers the illicit use of a computer in another state or one owned by the Federal Government, a bank or a securities dealer, even in the same state. Among other things, the bill makes it a crime to break into any of those computers and cause "malicious damage," such as destroying programs or altering passwords to make the computer files inaccessible to their legitimate users. A similar bill is pending in the Senate Judiciary Committee.

Congress passed its first computer crime bill last year. It prohibits the unauthorized use of computers to obtain classified information that might harm the national interest or to obtain financial or credit records protected by privacy laws.

"Computer technology has left us with a new breed of technologically sophisticated criminal," said Mr. Hughes, head of the Judiciary Subcommittee on Crime. "Unless we act now, computer crime will be the crime wave of the next decade."

Caroline Rand Herron and Michael Wright



AT&T workers picketing a plant in Fairlawn, Va., last week.

United Press International

## Four Israelis Are Named in U.S. Spy Case

# Friendship Doesn't Always Deter Espionage

By PHILIP SHENON

WASHINGTON  
In a sense, good diplomats are good spies, even when posted to friendly countries. If they are doing their jobs, they ferret out confidential information that would be of value back home. Sometimes the focus is super-secret intelligence about defense or politics — but not always. The home government might have a keen interest in, say, classified details of a large agricultural deal or strategy in upcoming trade talks.

When the Justice Department named a former Israeli diplomat in New York and three other Israelis last week as members of a spy ring that had spent tens of thousands of dollars to buy American secrets, not everyone was surprised.

The Israelis were implicated by an American naval analyst, Jonathan Jay Pollard, who confessed in a plea bargain that he had provided the espionage operation with stacks of classified documents. The Israelis were not indicted, but prosecutors have not ruled out criminal charges against them.

Jeffrey T. Richelson, a professor at American Uni-

versity who specializes in intelligence matters, said that while most of Washington's friends might not mount such extensive espionage efforts, spying "appears to go on by everybody against everybody, including allies." In the Pollard case, Israeli intelligence agents were apparently trying to learn about the naval fleets of moderate Arab nations; the United States does not routinely provide some of those details to Israel.

In other cases, intelligence agencies want to be able to predict policy shifts in an allied government or double check information gathered elsewhere.

The United States has long monitored friendly governments. In February 1985, Spain ousted two American diplomats, and news reports in Madrid said they were caught snapping pictures of antennas atop the Presidential offices, apparently trying to learn how the Spanish Government transmitted secret communications. In 1979, South Africa expelled three employees of the United States Embassy who had fitted the ambassador's plane with spy cameras.

Nor is Israel immune to American surveillance. An American ship equipped with sensitive listening devices was sent to the Gulf of Sinaï during Israel's six-day war with Egypt in 1967; it was bombed by Israel, which de-

scribed the attack as accidental.

Last week's developments in the Pollard case at least temporarily embarrassed the Israeli Government, which has said the spy ring was a renegade operation disbanded after Mr. Pollard's arrest. By week's end, a number of Administration officials were saying privately that they hoped the case would quickly be forgotten.

In an interview, the director of the Federal Bureau of Investigation, William H. Webster, said espionage operations conducted by friendly nations in the United States were "not a growing concern." He continued: "We don't approach our friends the same way that we do those who are hostile to us. We don't have the resources to do that, nor do I think we would wish to do that. Where we find our friends are getting overly aggressive in the acquisition of information, then we take appropriate steps."

The amount of spying by friendly governments often depends on the intimacy of their intelligence services, and the insecurity of the nation doing the spying. Unlike most leading American allies, Israel has legitimate fears about its survival. "The Israelis always have their backs to the wall, and they do what they have to do," said George Carver, a former official of the Central Intelligence Agency who is now associated with Georgetown

University. A 1979 study by the C.I.A. found that a chief objective of Israeli intelligence was the "collection of information on secret U.S. policy or decisions, if any, concerning Israel" and the "collection of scientific intelligence in the U.S. and other developed countries."

By comparison, the British Government would not have the same concerns about survival, and the relationship of British intelligence agencies to their American counterparts could not be much closer. But it is still widely assumed that Britain monitors some American military communications. And in the early days of World War II, Britain did not hesitate to collect American intelligence covertly. "From 1939 to 1941, they were in it up to their eyeballs," Mr. Carver said.

For some nations, the goal of spying is not survival, but profit. Intelligence analysts say many Western diplomats identified as commercial attaches are, in effect, commercial spies, attempting to gather detail about business deals and trade negotiations that might affect pocketbooks back home.

Last week, the chairman of the Senate Judiciary Committee, Strom Thurmond, Republican of South Carolina, asked for an investigation of charges that Asian governments had obtained through unauthorized channels information about the American position on textile negotiations. "I am personally angered and deeply disturbed by what I consider to be at the very least a breach of trust and perhaps a violation of law," he said. The Justice Department is considering his request.

## Clearing the Way for the Mentally Ill to Receive Benefits

# The Court Cuts Some Red Tape in Entitlements

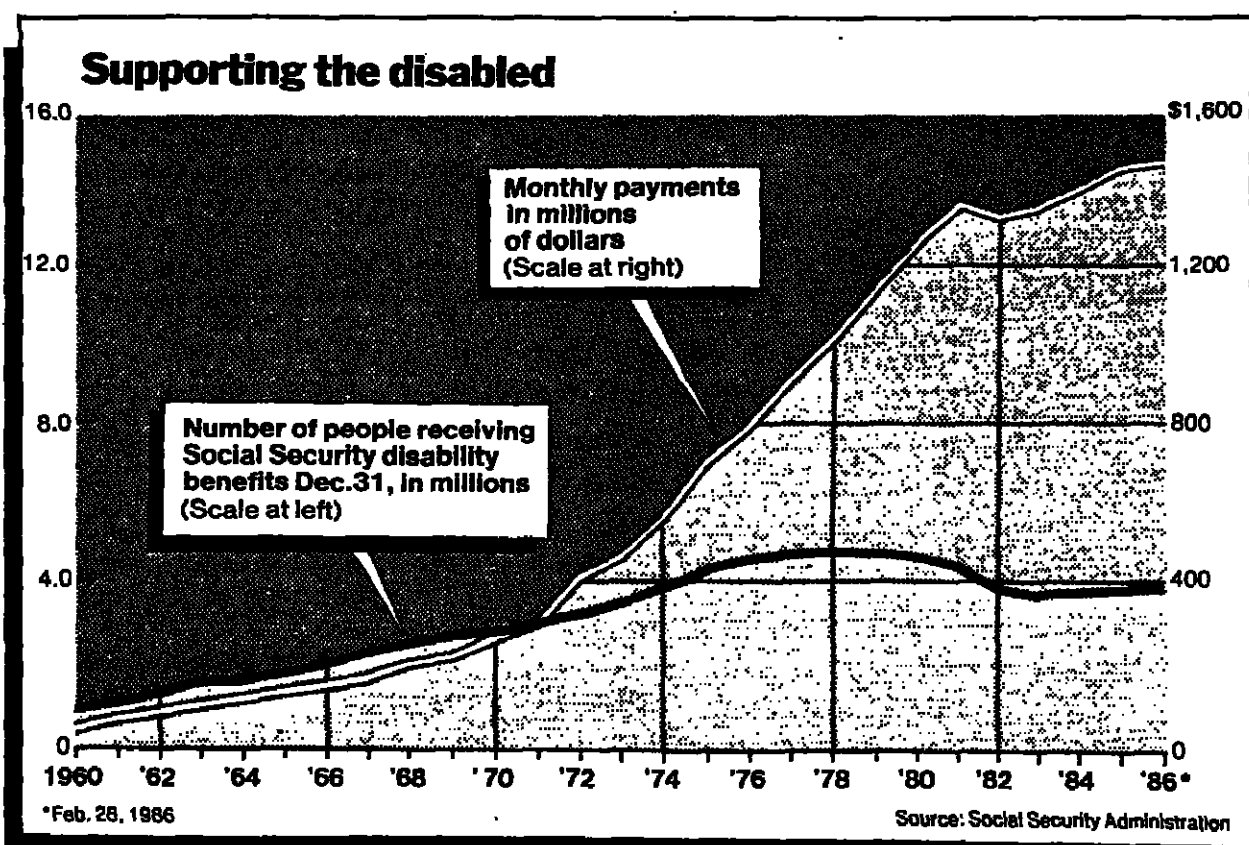
By ROBERT PEAR

WASHINGTON  
In upholding the right of thousands of mentally disabled people to sue for disability benefits under the Social Security program, the Supreme Court last week implicitly rebuked the Reagan Administration for its handling of a major benefit program.

The decision in the case, brought on behalf of disabled residents of New York State, has implications for other cases pending in courts around the country. In many of them, the Government contends that the claimants have not met procedural requirements for a court challenge to a denial or cutoff of benefits. The Government is now likely to find courts less receptive to such arguments, which attorneys say are designed to limit class action lawsuits.

In the case decided by the Supreme Court, a Federal district judge had found that Social Security officials had a "fixed clandestine policy" to deny disability benefits to people with mental illness. The High Court approved the judge's decision ordering the Government to reopen the cases and redetermine eligibility for benefits.

Lawyers for the plaintiffs estimate that the Government will have to pay \$20 million to \$30 million, representing three to seven years' worth of benefits withheld from 5,000 to 6,000 New Yorkers. The plaintiffs also in-



cluded New York City and New York State.

In political as well as legal terms, the decision was a setback for President Reagan. Democrats saw the treatment of the disabled as a symbol of what they called the Administration's lack of compassion. No other aspect of its social policy has been so widely criticized by judges, governors and members of Congress from both parties.

The Administration's effort to trim Social Security rolls began after Congress passed a law in 1980 requiring that most beneficiaries be re-examined every three years. The Social Security Administration reviewed 1.2

million disability cases, and informed 491,000 people that they would lose their benefits because they were no longer disabled and could go back to work. More than half of these people were ultimately restored to the rolls.

In the New York case, the Justice Department did not challenge the finding that the policy used was illegal. But it argued that two groups of claimants had no right to be in court: those who had not exhausted all the administrative review procedures and those who had received a final decision but had not filed suit within the 60 days prescribed by law. The Supreme Court unanimously swept

aside those arguments, saying that "the Government's secretive conduct" had prevented the plaintiffs from knowing of the violation of their rights.

Leonard S. Rubenstein, legal director of the Mental Health Law Project, a nonprofit group that represented the successful claimants, said: "The Justice Department tried to use this case to shut off any future Social Security class actions. That strategy backfired. It will now be more difficult for courts to dismiss class actions without deciding whether policies of the Social Security Administration violated the law."

He found the ruling "astounding" because two years ago, in a decision written by Justice William H. Rehnquist, the Court insisted that a beneficiary must press his claim "through all designated levels of administrative review" before filing suit in Federal court. The Justice Department had repeatedly cited this precedent in the New York case, warning that "courts would be flooded" with Social Security cases if they did not enforce the procedural requirements.

The Supreme Court could have decided the New York case with a narrow opinion. But it appears to have carved out an exception to the general requirement that Social Security beneficiaries must exhaust their administrative remedies and file suits in a timely fashion. The exception applies, the Court said, when it would be "unfair" to insist that claimants comply with these rules.

Carolyn B. Kuhl, Deputy Solicitor General at the Justice Department, said this part of the decision "should be read quite narrowly." It is, she said, "hard to predict" how the ruling will affect other Social Security cases.

Eileen P. Sweeney, an attorney at the National Senior Citizens Law Center, said the precedent would be useful in other class actions that involve such questions as how to evaluate the severity of impairments. She said it would also be useful where the Government has refused to follow appeals court precedents. The Social Security Administration follows appeals court orders in individual cases, but does not always apply the principle to similarly situated plaintiffs in the same judicial circuit.

Meanwhile, the Reagan Administration has proposed a special Federal court to hear the thousands of cases filed each year by people who contend they have been improperly denied benefits. Such a tribunal could effectively restrict class actions. Federal officials said it would provide greater uniformity; advocates for the disabled strenuously oppose the idea.



# Putting the Arbs in the Hot Seat

As insider-trading cases unfold, the arbs - and their sources - clam up.

By ERIC N. BERG

**W**HEN Cavalcade Partners, a Texas-based investment group, announced in early April that it would attempt a takeover of the Tesoro Petroleum Corporation, Wall Street's arbitrageurs began scrambling for information.

In a flood of phone calls to Tesoro and Cavalcade executives, and to the lawyers and investment bankers shaping the deal, the "arbs," as the industry calls them, tried to ferret out such still-secret details as the price Cavalcade wanted to pay and the likelihood that the buyout would actually take place. Without such information, many arbitrageurs are reluctant to speculate on the stock of a takeover target. They seek to be as certain as possible that the final purchase price will be high enough for a quick and hefty profit.

Takeover fever chilled quickly when Tesoro rejected the deal. Still, while the company was in play, "the arbs were all over us," recalled M. William Benedetto, an investment banker at Dean Witter Reynolds Inc., which represented Cavalcade. "They were asking for information that we had developed in-house, and they wanted to know what Tesoro thought of the deal. It's just not something we could tell them."

Until last month, the propriety of the fast-growing arbitrage community's push to extract confidential information had not been spotlighted by the Securities and Exchange Commission. But now the arbs are expected to get a considerable amount of attention as the S.E.C. and the Justice Department widen their investigation into two recent insider trading cases.

In one, Dennis B. Levine, an investment banker, was accused of making \$12.6 million in illegal insider trading profits on 54 takeover stocks. Since Mr. Levine is suspected of having spoken frequently with arbitrageurs, many are likely to be questioned as the investigation continues. In the other case, five young men were accused of involvement in an insider trading ring, including two arbitrage analysts who were said to have been given secret details of takeover deals by a lawyer friend, also among the accused. Mr. Levine and four of the five young men have pleaded guilty to felony or fraud charges growing out of their cases.

The arbitrage community has responded to the attention with uncharacteristic silence. "A lot of arbs have done things that are wrong, and they know it," an investment banker said last week. "If I used to get 30 calls a week from arbs, I now get less than zero." Adds Mr. Benedetto: "There hasn't been a conversation with an arb around here in two weeks. All of the arbs are trying to figure out what's right and wrong, what's legal and what's not."

Arbs will have to operate more indirectly, said Roger Blanc, an attorney with Willkie, Farr & Gallagher. "They will have to be more circumspect about the inquiries they make."

Many Wall Street professionals believe that the huge profits from arbitrage speculation in takeover deals might fall if the Government succeeds in checking the flow of insider information. Coming, moreover, after a period of rapid growth in the arbitrage community, the Government's crackdown on insider trading could affect mergers and acquisitions. Nearly every brokerage house and many other financial institutions now have arbitrage departments, and arbitrageurs are able to plow hundreds of millions of dollars into a single stock, thereby influencing the outcome of a takeover bid.

No one knows just how much of the information that arbs gather comes from insiders, either directly or from round-about questioning. Most arbitrageurs, of course, get much of their information quite legally - from careful analysis of publicly available corporate data.

Arbs also serve an important function by permitting small investors to cash out and not have to wait for a

tempt by the Government to circumscribe its activity.

"Arbitrageurs create research products for their own proprietary businesses," said Guy Wyser-Pratte, director of risk arbitrage at Prudential-Bache Securities. "They should not have to be afraid that if they do such things they will be nailed to the wall."

The S.E.C. would not argue that point. The agency has, in fact, taken pains to answer charges that it is bent on punishing investors who do their homework diligently and then win big in the stock market.

On the other hand, the S.E.C. clearly believes that at least some arbitrageurs go beyond "homework" in collecting information. But its viewpoint might not stand up in future cases, in part because the arbs follow a number of tactics, some more direct than others, to get what they want.

Consider, for instance, the case of the Beatrice Companies Inc. Prior to going private earlier this year, Beatrice directors hired Salomon Brothers and Lazard Frères as investment

of what one merger specialist calls "total phone dialogue." The very "fact that you are stalling in answering a question can give someone a clue," said one investment banker. With S.E.C. filings and other public documents to supply the background, arbs can piece together details by posing the same question, over and over, to dozens of investment bankers, lawyers and others with whom they deal. The arb jargon for this process is "investigative reporting."

In one recent case, an investment banker who held regular conversations with an arb suddenly declared that he had nothing to say when asked about a rumored merger. The arb correctly interpreted the refusal as evidence that a merger was, indeed, in the offing - and he began snapping up shares in the target company, the investment banker said.

One of the more successful techniques that arbs use in their phone calls to lawyers and investment bankers is called "hang up." One investment banker recounted a typical epi-



Risk arbitrage has a gigantic influence on Wall Street.

Stephen Fraidin, a takeover lawyer

Arbs were asking for in-house information. It's not something we could tell them.

M. William Benedetto, an investment banker



sode: the arb promised to hang up the phone and assume a deal was about to break if the investment banker did not say anything within 10 seconds. The banker did not speak.

"You have conversations in which both an arbitrator and investment banker would testify in court that no inside information changed hands," said Mr. Benedetto of Dean Witter. "Yet at the end of that conversation the arb knew exactly what he wanted to know."

On the other hand, even the most acerbic critics concede that a great number - probably the majority - of arbitrage operations are legitimate, never swerving into the gray area of doubtful legality. "You get a few rotten eggs," said Mr. Wyser-Pratte. "But by and large arbs are honest."

According to investment professionals, legitimate arbs spend their time reading publicly available documents such as annual reports, press releases, proxy statements, and company filings with the S.E.C. and other regulatory agencies.

Further, the arbs subscribe to services that notify them when companies in which they are interested file public documents in state or Federal courts. And they allocate huge sums of money to buy expert advice from antitrust lawyers, regulatory specialists, and investment bankers.

In the Capital Cities acquisition of ABC, for example, the arbitrage community reportedly paid millions of dollars to specialists in communications law in order to ascertain if the Federal Communications Commission would block the combination on antitrust grounds. More recently, the arbs have paid for antitrust advice on Northwest Airlines' proposed acquisition of Republic Airlines.

"We attempt to determine the business rationale for a deal, and then we address the critical issues in the deal - financing, regulatory and so forth," said Fred Green, a partner in Grace & Freed Associates, a Mt. Kisco, N.Y.-based arbitrage firm that often uses outside experts.

The laws on insider trading by persons far removed from a merger transaction, such as stock analysts, brokers and arbs, is developing rapidly. As early as 1980, the S.E.C. said in its Rule 14E-3 that "tippees," or recipients of information, are criminally liable if they receive market-sensitive information from persons they know to be insiders.

But in the celebrated Ray Dirks case, involving a stockbroker who learned of fraud and tipped off his customers, the courts said a person is criminally liable only if he receives information from an insider breaking a trust.

More recently, the case of R. Foster Winans, a former Wall Street Journal reporter, expanded the definition of inside information by establishing that a person breaks a trust and the law when he trades on information stolen from his employer.

# The Economy

## WEEK IN BUSINESS

### Insider Accusations Yield 5 Guilty Pleas

Dennis B. Levine pleaded guilty to Federal charges that he used inside information to make \$12.6 million in illegal profits. And he settled S.E.C. civil charges by agreeing to return nearly \$11.5 million. In addition, Mr. Levine, a former investment banker who was accused of insider trading while at several firms, agreed to cooperate with a widening inquiry into the pervasive but ambiguously defined Wall Street practice of leaking information. Mr. Levine, who traded through the Bahamian subsidiary of a Swiss bank, was accused of using such information to trade in the stocks of companies involved in takeovers.

Three other young Wall Streeters, and one of their customers, also pleaded guilty to Federal charges in a separate insider trading case. A fifth man, accused of stealing some of the information that was purportedly used in the trades, pleaded not guilty.



Dennis B. Levine

Unemployment edged up two-tenths of 1 percent in May, to 7.2 percent overall, mainly because of layoffs in the oil industry and at auto factories. Increases in the construction industry helped offset the decline, but spending on new construction rose just eight-tenths of 1 percent in May as commercial building slumped. ... Factory orders edged up one-tenth of 1 percent. ... Retailers reported modest sales gains in May.

The Senate started debate on the tax bill amid pressures to pass it intact. But some senators insist they will seek big changes in the bill, including the restoration of I.R.A. deductions. Far from the bill that once was considered free from individual influence, it now includes many exceptions and provisions to satisfy special interests.

Europe will buy natural gas from Norway in a major shift that reduces reliance on Soviet supplies. The multi-year agreement could be worth as much as \$64 billion to Norway's state oil company. While the gas, which requires a new 900-mile pipeline, will be more expensive than that sold by the Soviet, Western European officials say the supply will be more reliable.

Paul A. Volcker denied that the Fed was planning to tighten monetary policy, saying the markets had misinterpreted his remarks. The Fed chairman had expressed concern that inflation was on the rise. Traders took that to mean that the Fed would soon take steps, causing sharp drops in the stock and credit markets.

Bond prices fell, mostly in response to Mr. Volcker's comments, but rose later on the weak employment news. M-1 rose \$1.7 billion. The Dow Jones industrials bounced around, ending the week at a record 1,885.90, up 8.20.

Frank Borman is resigning as chairman of Eastern Airlines at the end of the month. The former astronaut had an embattled tenure, forging trend-setting cooperation pacts with the unions, then seeking a buyer for the airline as union relations and profits crumbled. Mr. Borman will remain as vice chairman of Texas Air, which is acquiring Eastern.

Canada retaliated against United States tariffs on lumber products, imposing higher tariffs on tea, trees, air filters, oatmeal and other items. The extent of the action took United States officials by surprise, but no counter-retaliation is expected for fear of further endangering trade talks.

Ted Turner is selling most of MGM Entertainment for \$300 million back to Kirk Kerkorian and United Artists, which sold MGM to Mr. Turner last year. Lorimar-Telepictures will buy the film lab and some real estate for \$190 million and Mr. Turner will keep the film library. The deal will give Mr. Turner the cash he needs to pay off the debt from buying MGM.

The Government may sell or give away the plants that process uranium for nuclear reactors, in part because they are losing money and in part because of an attempt to put Government enterprises in private hands.

Sunkist and Canada Dry are being sold to Cadbury Schweppes for \$230 million. The deal will take RJR Nabisco out of the soft-drink business.

Gimbels would be no more in New York under a deal that is reportedly about to go through. B.A.T. is expected to sell several of the stores to companies that will absorb them, but has been unable to find a buyer for the two Manhattan stores. Those are expected to be sold to a real estate developer, which would redevelop the sites. One store in Pittsburgh will retain the Gimbels name.

A.P. will buy Shopwell, a grocery chain with 53 stores in the New York area. The deal, for \$64 million, gives A.P. a better foothold in New York.

John Blair accepted a \$300 million bid from Saul P. Steinberg's Reliance Capital in an attempt to escape Macfadden Holdings. But Macfadden and Reliance are likely to fight over Blair's Advo unit, a direct mail outfit.

The Supreme Court voided a New York law that prevented distillers from charging more for their products in New York than they charge anywhere else.

## Prospects

### Foreign-Car Factories

More foreign cars will be made in America, as the stronger yen, weaker dollar and the likelihood of continuing trade restrictions lure Japanese and Korean car makers to this side of the Pacific.

Even if the dollar strengthens, says Mitra O'Malley, research associate at Phillip Townsend Associates in Marblehead, Mass., by 1990 these car makers will be making 2 million passenger cars in the United States and Canada. That is about 22 percent of the total production, for both nations, of 8.9 million cars expected by Integrated Automotive Resources in Wayne, Pa.

By producing cars in North America, says Mrs. O'Malley, these auto makers "insulate themselves against currency fluctuations and trade problems." The hierarchy in the plants, most of which will be in the United States, will be foreign, she says, but "they will hire Americans - it's going to help the economy that way."

### A Trade Deficit Dip

The nation's trade deficit remains large, despite the weaker dollar. But Allen Sinai, chief economist at Shearson Lehman Brothers Inc., says that before the year is over, it will narrow enough to brighten the outlook for economic growth.

"Last year, the trade deficit cost the economy about two percentage points of real growth," he said. This year, an improvement in exports and "a better picture for imports by Labor Day" should ultimately contribute about one percentage point to his estimate of 3.5 percent real growth in gross national product from the fourth quarter of 1985 to this year's fourth quarter. That would be up from 2.1 percent last year. Mr. Sinai's estimate for the 1986 trade deficit is \$139.9 billion, down from \$148.5 billion in 1985.

At the moment, says Mr. Sinai, "the weakening dollar is taking hold in exports," and more goods are flowing out of the country. But "it is not clear whether the weaker dollar has taken hold in imports." Exclud-

ing oil, he says, they are showing "a slight trend upward." One reason: Import prices are not rising as fast as they might because foreign companies are keeping prices down to maintain market share. But eventually, says Mr. Sinai, the declining dollar will cause a drop in demand for costly imports. "Our trade deficit forecast for 1987 is \$105 billion," he said.

### Callbacks for Bonds

Utility companies have been overshadowing everyone else in the corporate rush to call in bonds, issued at relatively high interest rates, so debt can be reissued at today's lower rates. This year, Salomon Brothers estimates, as many as 218 electric utility issues will be called in before maturity, compared with 112 industrial and financial issues.

Why the large number of utility calls? Typically, these bonds cannot be called until five years after they are issued, says Nancy Kimmelman, a Salomon economist, and five years ago utility bonds were issued at rates as high as 17 percent. Fewer industrial bonds are being called, she says, because they typically have a 10-year non-refundable clause, and "10 years ago, rates were 9 percent or so" - roughly the same rate offered by such bonds today.

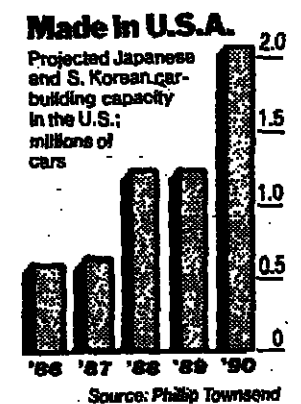
The callbacks, Miss Kimmelman says, are widening the spread between yields on corporate bonds and those on long-term Treasuries, which carry no early-call risk for the investor. "The bond market has become aware of the potential of bonds being called," she says, so prices of potentially callable bonds are lower than they otherwise would have been.

### Cleaning Up

"We are a crowded, litter-prone society," says Audrey Freedman, director of Human Resources at the Conference Board. "Now society is beginning to pay more people to do things that were once done voluntarily." Within the service sector, says Mrs. Freedman, "more and more employment will focus on maintaining and increasing the quality of life." And one job category that will grow significantly will be "cleaner-uppers."

There are no statistics on the number of available jobs in this category, which technically includes environmentalists and biochemists, as well as hotel maids and airport cleaners, says Mrs. Freedman. At the lower end of the pay scale, particularly, the count is sketchy - in part because some workers do not pay taxes and others are illegal aliens. But, she says, it is clear that most of the job growth for cleaners will be in businesses rather than in private households.

Pamela G. Hollie



Source: Phillip Townsend Associates

### The New York Stock Exchange

#### MOST ACTIVE STOCKS

WEEK ENDED JUNE 6, 1986

(Consolidated)

Company	Sales	Last	Net Chng
Sperry	8,218,200	75	+
Phila El	6,198,000	18%	+
AT&T	6,057,000	25	+
IBM	5,718,600	149%	-
Sears	5,437,200	48%	+
Ohio Ed	5,050,100	18%	-
EKodk	4,780,000	62%	+
Crow E	4,345,800	30%	-
Papal C	4,077,200	34%	+
McDarl	3,996,100	19%	+
Chrys	3,939,900	36%	-
Am Exp	3,930,700	61%	-
LLC Co	3,795,500	4%	+
Salomn	3,657,500	51	-
Gen El	3,572,700	81%	+

#### MARKET DIARY

	Last	Prev.
Advances	773	1,235
Declines	1,195	718
Total Issues	2,187	2,206
New Highs	240	353
New Lows	35	24

#### VOLUME

	Last	Week	Year
Total Sales	574,181,870	15,487,887,040	
Same Per. 1985	601,086,500	11,958,081,257	

#### WEEK'S MARKET AVERAGES

	High	Low	Last	Change
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	High	Low	Last	Change
New York Stock Exchange	184.5	181.8	183.6	-0.77
Industrial	124.3	122.2	122.6	-1.50
Transport	70.3	69.1	69.9	-0.44
Utilities	156.1	151.5	152.0	-4.50
Finance	142.1	139.5	140.9	-1.08

### Standard & Poor's

Company	Sales	Last	Net Chng
400 Indust	277.1	271.8	-1.05
20 Transp	208.4	202.6	-1.74
40 Util	106.0	103.5	-0.70
40 Financial	30.2	28.8	-1.14
500 Stocks	247.7	242.5	-1.68

### Dow Jones

Company	Sales	Last	Net Chng
30 Indust	1894.3	1845.5	-9.19
20 Transp	809.2	790.0	-7.98
15 Util	190.1	183.5	-1.86
95 Comb	727.0	709.2	-0.85

### The American Stock Exchange

#### MOST ACTIVE STOCKS

WEEK ENDED JUNE 6, 1986

(Consolidated)

Company	Sales	Last	Net Chng
HomHard	3,791,200	13%	+
Wicks	3,582,500	6	-
LorimarTel	1,943,600	28	-
TIE	1,825,100	6%	+
DomePet	1,674,000	1	-
FLAustPr	1,338,800	9%	-
BAT Ind	1,280,300	5%	+
Texas Air	1,162,100	37	-
AM Intl	1,111,000	7%	-
InstSy	1,089,700	2%	+

#### MARKET DIARY

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales .....	58,110,885	1,434,335,434
Same Per. 1985. .	39,267,655	936,568,980

#### VOLUME

	Last	Week	Year
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# The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935  
ARTHUR HAYS SULZBERGER, Publisher 1935-1961  
ORVILLE DRYFOOS, Publisher 1961-1983

ARTHUR OCHS SULZBERGER, Publisher  
A. M. ROSENTHAL, Executive Editor  
SEYMOUR TOPPING, Managing Editor  
ARTHUR GELB, Deputy Managing Editor  
JAMES L. GREENFIELD, Assistant Managing Editor  
MAX FRANKEL, Editorial Page Editor  
JACK ROSENTHAL, Deputy Editorial Page Editor  
JOHN D. POMFRET, Exec. V.P., General Manager  
LANCE R. PRIMIS, Sr. V.P., Asst. General Manager  
RUSSELL T. LEWIS, Sr. V.P., Circulation  
J. A. RIGGS JR., Sr. V.P., Operations  
HOWARD BISHOP, V.P., Employee Relations  
BRICH G. LINKER JR., V.P., Advertising  
JOHN M. O'BRIEN, V.P., Controller  
ELISE J. ROSS, V.P., Systems

## Sold: The Presidential Presence

How much is the Presidency worth? Why do you ask? It's not for sale. Of course it is. The White House and David Weiser, the producer, have sold it. The American Broadcasting Company has paid \$10 million for certain exclusive rights to televise President Reagan during the celebrations on Liberty Weekend next month. That might come out to half a million a minute.

Oh stop being so melodramatic. The whole weekend has been bought and sold. For that matter, the Statue of Liberty's whole history is crisscrossed with commercialism and fund raising. In 1876, they brought her arm to Madison Square to raise money to make the rest of her. Just look around Greenwich Village. You can buy Statue of Liberty cookie cutters, even Statue of Liberty boxer shorts. What's so terrible about the President's lending his presence to help the fund raising?

Lending his presence would be fine. Selling his exclusive presence is something else again.

Why is that any different from his giving an exclusive interview — to The New York Times, for instance?

Because an interview isn't bought and may be particularly appropriate to the audience of one news medium or another. Besides, Presidents even things out by giving exclusive interviews to competing media. But the President is not coming to New York on the July Fourth weekend as a policy maker or partisan. He's coming as Chief of State, his most representative role.

Yes, but it's not as if he'll be addressing Congress or something serious. This is just ceremony, just entertainment.

Just entertainment? That's like saying patriotism and inspiration are just entertainment, or that the Statue of Liberty is just a symbol. For Americans to celebrate their diversity together on this occasion transcends entertainment. At times like this, the President acts as leader of all the people, not just those who paid so much per ticket, or minute, to see him. The Presidential presence is not his to sell, not even in a good cause. That's when a President most belongs to all of us.

Okay, but you have to admit it's a good cause. All the fund raising has been private, and Lee Iacocca and the others have done a bang-up job raising enough money to repair the Statue and Ellis Island to boot. Agreed, the President is everybody's President, but why get excited about a little exception for this occasion?

Because on this occasion, selling the President's exclusive presence is especially insensitive and indifferent. What a spectacularly inappropriate place to exclude on the basis of money. It's like saying, Give me your eager, your rich, your privileged classes. I'm glad to see that a spokesman now says the White House believes that "as much as possible should be open to all media." I hope they carry through with that. When Americans say Golden Door, golden should mean opportunity and door should mean open.

## The Botnick Principle

Why is Victor Botnick, a 32-year-old former aide to New York's Mayor Koch and a man who does not even hold a bachelor's degree, in charge of the nation's largest municipal hospital system? Apparently because the Mayor prefers the Peter Principle to the principle of finding the best person for the job.

When Mr. Botnick took over the \$2 billion Health and Hospitals Corporation in January, his colleagues say they were impressed with his grasp of health issues and his commitment to public service. Those credentials look even thinner now; Mr. Botnick appears out of his depth.

He admitted this week that he had lied to the press about a college degree — and to the Mayor about the lie. That followed a juvenile shoving match with a physicians' union officer. More, a state comptroller's report criticized his taking more than 100 trips around the country on city hospital business since 1978. On some California trips, he met with officials of a city contractor from whom he solicited a campaign contribution for the Mayor.

Mr. Botnick's supporters still praise his management skill and interest in improving health-care services for the poor. He deserves much credit, they say, for helping to decentralize hospital administration and increase the number of neighborhood

clinics. But New York's hospitals require a leader of vision and background, not just competence.

This is an era of new Federal and state reimbursement formulas that are forcing radical transformation of hospital management. More and more people are left with no way to pay for health care. The strains especially tax urban hospitals that care for the poor and serve as teaching centers.

These are challenges to test the most experienced administrator. That the Mayor prefers to hunker down with a trusted aide may be understandable. Mr. Koch looked nationwide in 1981 and hired Dr. Abraham Kauvar from Denver, who was fired after five months. But that experience hardly justifies making do with a chairman who now shows immaturity and a dubious capacity for leadership. As Deputy Mayor Stanley Breznoff's tenure in the Hospitals job showed, a sound leader need not necessarily come from the outside.

Why not, the Mayor often asks about important vacancies, the best? He has worked hard to find impressive leaders for other major agencies. Just last week, he reached all the way to North Carolina for a new taxi commissioner. Victor Botnick may be a capable mayoral assistant, but as the chief city hospital administrator, is he really the Mayor's best?

## In Brief, Mr. Manion Is Unfit

When President Reagan set out to reshape the Federal bench, he made two promises. He would choose non-activists who knew the judiciary's proper limits and were content to interpret law, not make it. And he would pick lawyers of the highest caliber. The President has indeed found candidates who share his judicial philosophy, including several of outstanding ability. But two recent nominations broke the promise of quality and assaulted the intelligence of the Senate.

The Senate Judiciary Committee rightly balked at Jefferson Sessions, a nominee for an Alabama judgeship who was distinguished only by his insensitive remarks about minorities. But the committee has sent to the full Senate, without a recommendation, the equally flawed nomination of Daniel Manion for the Court of Appeals based in Chicago.

Mr. Manion, a lawyer in South Bend, has never appeared before the Seventh Circuit Court of Appeals, which reviews cases from Indiana, Illinois and Wisconsin. He has written no scholarly articles to help senators measure his intellect. His only relevant work record, legal briefs to state courts, would embarrass a first-year law student.

It's demeaning to have to grade a judicial nomi-

nee for spelling and syntax. But Mr. Manion's indictment him as sloppy and lazy. His briefs are riddled with words like "definitely" and "perponderance," "verbatum" and "comperable." Commas dangle, modifiers misfire and nouns disagree with verbs. Some of his sentences make no sense at all. And the reader who slogs on finds no redeeming spark of originality or insight.

That Mr. Manion never mastered elementary verbal skills only emphasizes that his appeal is political: he espouses the tenets of the far right and disagrees with a number of Supreme Court positions. The President has a right to reshape the judiciary, but the Senate has a duty to insist that appointees measure up professionally. Since the Supreme Court cannot possibly review all circuit court rulings, appeals judges have the last word in most major Federal cases.

Mr. Manion's briefs are painful but essential reading for any senator tempted to confirm his nomination. The committee of the American Bar Association that — barely — approved him should read the briefs and blush. An informed Senate would reject this nomination and thereby tell the President to aim higher.

## Letters

## Under Comparable Worth, Jobs Won't Have Genders

To the Editor:

Anne L. Alstott ("Comparable Worth Is Unfair to Women," Op-Ed, May 24) asserts, among other things, that by raising the salaries in traditional women's jobs, women will tend to be frozen in these less demanding jobs. This argument is flawed for two reasons.

First, under comparable worth, salaries will be based on the education and skill required for each job. Contrary to her assertion, a nurse will not earn the same as a doctor, nor will a paralegal earn the same as a lawyer. Second, in focusing only on the presumed freezing in of women, the author ignores the possible effect on men. Under a system of comparable worth, more men may choose to enter teaching, nursing and other traditionally women's fields.

Comparable worth certainly raises a number of difficult issues. It is likely to be very costly. (Even if some workers are willing to see other workers given increases to reach parity, they are unlikely to agree to a decrease to reach parity, and therefore total wages will have to be increased.) It also is going to be difficult to assess how very different jobs deserve comparable pay.

Moreover, it is not clear how women or men are going to be influenced in their career choices by the profound changes in relative salaries that comparable worth may bring. One thing is clear, however. Under comparable worth, the effects of gender will be removed from the career paths of workers and from their paychecks.

MARK A. ROTHSTEIN  
Professor of Law, Univ. of Houston  
Houston, May 26, 1986

To the Editor:

Miss Alstott does not know whereof she speaks. "Comparable worth" describes the method used to determine a long-standing problem: gender- and race-based wage discrimination. Discrimination in employment because of race, sex, religion or national origin has been illegal since the passage of the Civil Rights Act of 1964. This includes wage discrimination.

The determination of wages is based on a variety of factors. Courts have ruled that the marketplace is not a valid argument in justifying economic discrimination. Advocates of pay equity ask employers, on an employer by employer basis, to evaluate their work force for skill, effort, responsibility, working condi-

tions and education. Discrimination occurs when job categories, both of equal value to an employer, are not paid equally.

A 1982 National Academy of Science report found many reasons for the current 35 percent wage gap. Wage discrimination accounted for 15 to 20 percent of the gap. Also, there is no evidence that abolishing wage discrimination inhibits women's desire to aspire to "male" jobs.

Indeed, as a result of pay-equity settlements in Minnesota, there has been a 17 percent increase, in just one year, of the number of women applying for higher-paid nontraditional jobs.

Further, the pink-collar ghetto in which 74 percent of the 50 million working women toil may be convenient for women with familial responsibilities, but it pays less and has fewer, if any, benefits, such as health insurance, pension rights or training programs. This directly relates to the increasing poverty among women. Why should women who bear the major responsibility for family care be forced to accept low-paying, dead-end jobs when their family efforts directly affect the country's future?

The Coalition of Labor Union Women, in conjunction with the labor movement, has championed the struggle against gender- and race-based wage discrimination and will continue to do so. The best method for achieving pay equity is through the union contract.

JOYCE D. MILLER  
LEE LEVIN  
New York, May 29, 1986

The writers are, respectively, national president and executive director of the Coalition of Labor Union Women.

To the Editor:

Anne Alstott misses a crucial point. One of the goals of comparable worth is to increase the respect accorded "female" professions by increasing the monetary rewards. This would have the liberating effect of encouraging men to choose professions they have traditionally avoided.

As a nurse educator, I believe it is vital to recruit and retain highly qualified women and men to professions such as nursing. Rather than freezing the borders of men's and women's work, what comparable worth does is to vaporize those boundaries.

LAURA J. COHEN  
Assistant Professor of Nursing  
Trenton State College  
Trenton, May 27, 1986



Bob Gale

a real and lasting equality between the sexes.  
BENJAMIN J. SADOCK, M.D.  
Professor and Vice Chairman  
Department of Psychiatry  
N.Y.U. Medical Center  
New York, May 21, 1986

## Why a Woman Should Lead Boy Scouts

To the Editor:

The decision by Judge Joseph J. Chernauskas of Connecticut's Superior Court preventing Catherine Pollard from leading a Boy Scout troop because "boys need male role models" (news article, May 20) is based neither on common sense nor scientific evidence.

Boys (and girls) use models to shape behavior and to develop values, but the qualities of those role models are more important than gender. There are men who cannot tell a tree from a woodchuck and women who are just as comfortable building a campfire as cooking in the kitchen.

What is most important is that boys learn a new ideal of manhood that values intimacy as much as it does autonomy and that prizes women who are capable and assertive as well as maternal and caring.

Depriving boys of the opportunity to develop those values deprives a future generation of a new type of man able to lead persons in the 21st century toward

## I.R.A.'s Are Protection Against Pension Loss

To the Editor:

What you do not take into consideration in "Four Loophole Senators" (editorial, May 18), which calls for elimination of individual retirement accounts for anyone whose employer offers a pension, is that while many companies have pension plans, their employees often do not stay in a company long enough to have their pensions vested and thus transferable to another company.

This situation will become more widespread with the wave of company mergers and divestitures, in which many dedicated, competent employees will find their services no longer needed. Any benefits they might have looked forward to will be lost when employment is terminated.

Unless legislation is passed to vest all pension contributions, the I.R.A. is the only retirement vehicle available to all employees. This is the true value of an I.R.A. Unfortunately, you view it as little more than a tax loophole for the more affluent.

Those really concerned for the less fortunate members of our society should call for the elimination of the tax deduction for mortgage payments. The more fortunate have tax-deductible mortgages, while the less fortunate have non-tax-deductible rents.

MARC N. MILLER  
Brooklyn, May 21, 1986

## We Need a National 'Pain and Suffering' Cap

To the Editor:

Now that liability insurance fees have doubled for none other than the Boy Scouts of America, according to your report that a \$20 liability fee will be imposed on every Boy Scout troop and Cub Scout pack in the country (May 20), perhaps Congress will finally get serious about setting standards to address the skyrocketing cost (cancellation, in some cases) of liability insurance.

So far, Congress has approached the problem as either a states' rights issue or as one limited to product liability. But neither approach deals with the rising insurance costs and cancellation of policies that are responsible for closing day-care centers and curtailing municipal services.

Instead, a Federal standard such as a \$100,000 cap on noneconomic ("pain and suffering") awards would build predictability into the risk assessments used to determine insurance costs. Legislation I have introduced in the Senate (S. 2046) would do this, but would not limit awards for such economic damages as past or future medical expenses, or lost earnings.

Huge settlements are being awarded for "pain and suffering" that far exceed the bounds of reasonableness. This tendency, along with a doubling of the number of lawsuits over the last 10 years, has a great

deal to do with the burgeoning costs of liability insurance and even the cancellation of policies.

A cap on awards for "pain and suffering" would begin to bring the true risk of liability insurance into line with its cost. We should not make the Boy Scouts of America wait on each and every state to develop standards.

MITCH MCCONNELL  
U.S. Senator from Kentucky  
Washington, May 21, 1986

## The New York Stance

To the Editor:

"A Smokescreen of Courtesy" (editorial, May 22) describes New Yorkers as "born with their elbows akimbo — the better to make their way through the crowd." The dictionary defines akimbo "with hands on hips and elbows bent outward."

Get through a crowd? This stance can only generate wolf whistles or rude noises depending on one's sex. My own method is to maintain both forearms across the chest with elbows thrusting outward in both rhythmic and random patterns.

I'm certain I learned this technique. Had I been born with it I would undoubtedly have heard from my mother.

LOUIS WITKIN  
New York, May 22, 1986

## Diplomatic Ties With the Vatican Violate the First Amendment

To the Editor:

Now that the United States Ambassador to the Vatican, William A. Wilson, has resigned his post (front page, May 21), President Reagan should discontinue this unconstitutional arrangement. If Mr. Reagan will not do so, then the Senate should decline to ratify another Vatican appointment.

U.S. diplomatic ties with a religious body violate both the spirit and the letter of First Amendment prohibitions against government preference for one religion over others. The lower Federal courts have, unfortunately, ruled that apparently no one, not even religious bodies and leaders discriminated against by the executive action, has legal standing to challenge this arrangement and that the President is not bound by the First Amendment in conducting foreign affairs.

President Reagan's establishment of formal diplomatic relations with a church is as symptomatic of his scorn for the First Amendment principle of church-state separation as his advocacy of Government-regimented prayer in schools, Federal aid to sectarian private schools and the denial of freedom of conscience to women on abortion.

EDD DOERR  
Executive Director  
Americans for Religious Liberty  
Washington, May 22, 1986

## Name a Non-Catholic

To the Editor:

The resignation of Mr. Wilson provides the U.S. with a valuable opportunity to name a non-Catholic to this important diplomatic post. This step is essential for domestic and foreign policy reasons. It would undercut false accusations that Catholics are trying to meddle through Rome in domestic affairs and would emphasize the true nature of our diplomatic relationship with the Vatican.

We do not deal officially with the Vatican for religious reasons, but in recognition of the important contacts, moral influence and political power that the papacy has throughout the world. This reasoning impels scores of non-Catholic countries to maintain ambassadors at the Vatican.

Having a Catholic as our ambassador to the Vatican fuels the old canard that we are giving special religious recognition to the Roman Catholic Church and that we may somehow be

trying to get the Pope to take certain steps in relation to the American Catholic Church. Most non-Catholic countries, like Britain, Finland and Denmark, will not in principle send a Catholic as ambassador to the Vatican. They find this important to neutralize criticism in their predominantly Protestant countries.

For the U.S. to follow this wise policy would, I am certain, weaken the arguments of those in America who vehemently oppose relations with the Vatican — usually on unfounded grounds. My diplomatic experience at the Vatican convinces me that a non-Catholic ambassador would be most welcome there, for the Vatican is highly sensitive to the American concept of the separation of church and state.

It is vital that President Reagan take this important and overdue step now.

ROBERT F. ILLING  
Oporto, Portugal, May 23, 1986

The writer was deputy U.S. representative to the Vatican, 1970-75.

## Topics

### Bullhorn Behavior

#### The Teacher

Having already sung his praises around the country, Secretary of Education William Bennett last week paid a visit to Joe Clark, the principal of Eastside High School in Paterson, N.J. With tough discipline and some unconventional methods, Mr. Bennett said, Mr. Clark had turned the school into a true "place of learning."

Reporters who covered the Bennett visit found some of Mr. Clark's actions more than unconventional. Carrying the bullhorn that is his trademark, he ejected one student's parents from the school parking lot before the Secretary arrived, berating them as welfare recipients and agents for Libya's Muammar el-Qaddafi. He suggested the mother might be hiding a bomb in the turban she wore.

He then threatened to bar reporters from the school if they talked with the couple. He demanded they interview parents he had invited — people, he said, who were not "anti-American" and who had jobs and didn't drive Cadillacs.

Mr. Bennett is fond of saying Mr. Clark has "taught a lesson to the rest of America." If there was a lesson for the Secretary in last week's episode, it was, Know your product before you start selling it.

#### The Hammerer

In Zimbabwe last week, plainclothes police arrested Michael Auret and Nicholas Ndebele, the chairman and director of the Catholic Commission for Justice and Peace. Their apparent offense was embarrassing

Prime Minister Mugabe's regime by passing information used in critical reports by Amnesty International and the Lawyers Committee for Human Rights. That embarrassment has now been magnified by a reprisal worthy of Ian Smith's white minority regime, whose emergency laws were used in this arrest.

The old regime lives on in spirit in the person of Enos Nkala, Home Affairs Minister. Though the supposedly impartial custodian of the law, he is celebrated for his clamorous invective against those who offend his political superiors. He has a way with language. Recently, after accusing church groups of smearing his Government, he added charmingly, "I might have to hammer them."

With colleagues like that, Mr. Mugabe need not wonder why Zimbabwe has lost much of its glow.



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## Coming Political Storms

In the next couple of years, by the accidents of the political calendar, most of the allies will be facing elections that could change the course of world events.

This is likely to be a period of unusual stress. Ever since the last world war, it has been the principal objective of Soviet policy to divide Washington from its allies. So it will take some foresight and what's here called "damage control" to keep national politics from making foreign policy more divisive than it is at present.

Even before the campaigns have got into their silly phase, there's more damage around the alliance than control. Some U.S. officials, for example, have been bashing Mexico over the drug trade and then apologizing for getting their facts wrong.

President Reagan waged a good fight against the protectionist trade legislation in the House, and then, forgetting it for political expediency, slapped a tariff on Canadian wood products without telling Prime Minister Mulroney in advance.

Result: another apology and Canadian retaliation with tariffs on U.S. computer parts, books, semiconductors, rail cars and other U.S. products.

Meanwhile, Mr. Reagan's bomber diplomacy in Libya and his decision to go it alone on the second Strategic Arms Limitation Treaty arrangements have kicked up a storm of criticism from Capitol Hill to Europe and Japan.

Add to this his controversies with the Congress over more military arms for Saudi Arabia and his troubles with his own spies as well as Israel's, and you have to wonder what he means by saying the alliance has never been stronger.

It will have to be to weather the political storms ahead. For the issues and personalities of today may be quite different after the elections.

President Reagan will not be a candidate in 1988, and nobody here believes that the Republican Party, even if it retains control of the Senate in next

## National elections may prove stressful to the alliance

November's Congressional elections, will be as strong without him.

Prime Minister Margaret Thatcher of Britain, whose support of Mr. Reagan's air raid on Libya didn't detract from her unemployment or education problems, is in trouble with a Labor opposition that is leading in the polls and wants to get rid of U.S. nuclear bases in the United Kingdom.

It's not hard to imagine the howls that would go up on the new Senate television broadcasts if the United States is asked to keep its troops on British bases it cannot otherwise use without permission.

The President's other conservative buddy in Europe, Chancellor Kohl of West Germany, is finding that his support of President Reagan may be a ticket to retirement. And in France, President Mitterrand and Prime Minister Chirac are finding that their experiment in political "cohabitation," like other forms of cohabitation, may end in divorce sooner than expected.

So the question is how to deal with all these tangles, and the suggestion here is that everybody should follow the French example, take the month of August off, and think things over; or maybe just take it off and not think at all.

The French will be diverted here on the Fourth of July to launch the Statue of Liberty into another century with a new torch, and to remind us of the meaning of liberty. My wife and I intend to observe these ceremonies and claim, unless later corrected, that alone in the multitude we produced two sons of whom one was born on the Fourth of July and the other on the fourteenth, Bastille Day.

But around Labor Day, when the politicians are turned loose with their wiles and ambitions, there ought to be some way to keep them from weakening relations with our neighbors and our other allies.

After all, the NATO alliance has avoided a third world war for two generations, and considering the popularity of sex these days, maybe for three, whereas only 20 years separated the first and second world wars.

Besides, it may not yet be too late for Mr. Reagan and Mr. Gorbachev to save one another from their illusions and prejudices. Having so far failed to do so, they are still trapped by the arguments of the past, and probably can't come to terms with the nuclear future.

But maybe some folks should get together and wonder about the coming elections, where blaming the foreigner is a popular game, in order to keep anyone from causing more damage to the alliance once the shouting's over.

There's no great "crisis" in the alliance now, but there is a feeling that the President and the Congress and the allies are drifting apart, and that they are in danger of forgetting the common danger and their common interests.

# 15 Years of Arms Control Demolished

By Robert S. McNamara

WASHINGTON President Reagan's decision to abandon the second strategic arms limitation accord will, unless reversed, severely harm United States security interests. At present, the SALT limits are the only existing agreed constraints on strategic weapons. Without them, we will face the dangers of a totally unrestricted nuclear arms race.

The SALT II agreement prohibits the Russians from increasing their total number of strategic missiles and bombers. The accord also includes a limit on land-based missiles equipped with multiple warheads — the weapons most feared by the Pentagon. Since the Russians are within two missiles of reaching that limit, keeping the agreement would force them to remove older missiles and dismantle their silos as the new mobile SS-24 missile enters the field. Moscow has already removed from operation or dismantled more than 1,300 missile launchers, 45 bombers and 21 submarines to stay within the SALT limits.

If President Reagan's decision is implemented, those limits will be swept aside. The entire structure of strategic arms control, carefully laid over a period of 15 years by four Presidents — Lyndon B. Johnson,

Robert S. McNamara, Secretary of Defense in the Kennedy and Johnson Administrations, is writing a book about nuclear weapons.

Richard Nixon, Gerald R. Ford and Jimmy Carter — will be destroyed.

Why did those Presidents negotiate on strategic arms? Not because they trusted the Russians. Not to do the Kremlin a favor. They pursued SALT for only one reason — because they believed it to be in the security interests of the United States. They were joined in that belief by their Secretaries of Defense and the Joint Chiefs of Staff. Arms control is the only means we have for containing the Soviet nuclear arsenal. Without SALT, our fears of a Soviet first-strike potential will rise, heightening the danger of nuclear war in times of crisis.

The President's repudiation of "the SALT structure" becomes more ominous when one recalls that SALT includes not only the 1972 and 1979 agreements on offensive forces but also the 1972 Anti-Ballistic Missile Treaty. Secretary of Defense Caspar W. Weinberger has never supported the ABM treaty. He now says that remaining in compliance with it, if it blocks progress on the development of the "Star Wars" anti-missile system, "is something obviously we would be very much opposed to."

SALT was an American initiative. In November 1966, President Johnson and I first proposed to the Russians

that we begin working toward limits on strategic forces. We spent a long day at Glassboro, N.J., in 1967 trying to persuade Premier Aleksei N. Kosygin that development of anti-missile weapons would fuel the arms race and increase the danger of war. Five years later, in 1972, President Nixon was successful in obtaining Soviet agreement to both the ABM accord and the interim agreement on offensive forces. Now the United States is telling Moscow that it has changed its mind. The stage is set for an all-out competition in both offensive and defensive strategic weapons.

Some in Washington perceive President Reagan's decision as yet another negotiating ploy designed to increase American leverage at Geneva. Others see it as an effort to placate hardliners in the Pentagon without completely withdrawing from the SALT agreements.

But the Soviet Union, not unexpectedly, appears to be taking the President at his word. Soviet military leaders will plan for the worst, just as Pentagon military planners would advise President Reagan to do if we were faced with Soviet renunciation of SALT. The President's decision will strengthen the band of Soviet hardliners who believe that the United States is seeking strategic superiority. Those hardliners will insist that the Soviet Union cannot wait for the President to come around — and that Moscow must begin planning today for a huge expansion of weaponry in order to compete in the world without arms control.

The Congressional Research Service estimates that without SALT each side could more than double its

If we scrap it, we fuel the nuclear race

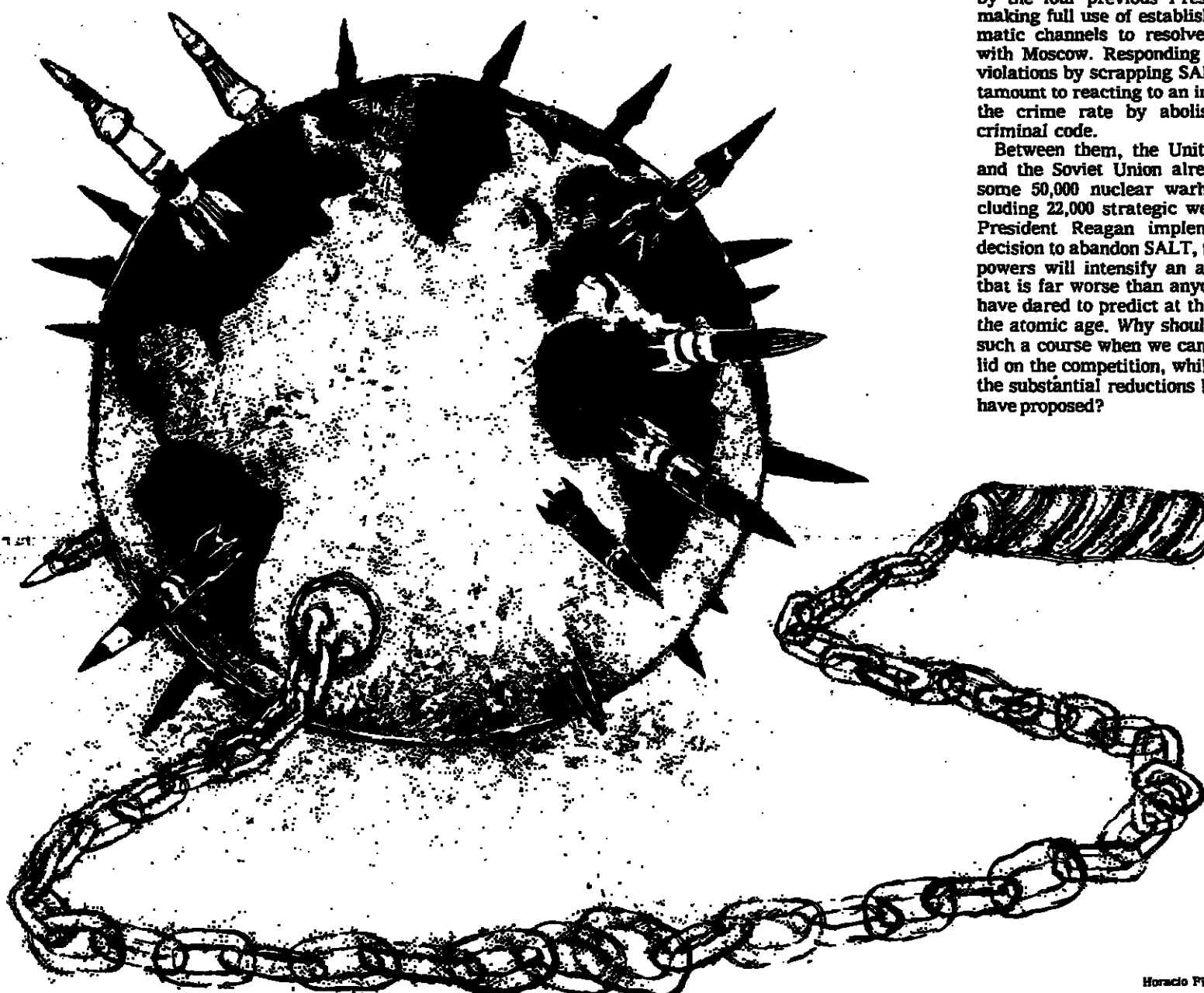
## Unless Reagan abides by SALT II

strategic nuclear weapons by 1992. Some Administration spokesmen now cast doubt on such scenarios; they argue that each side can show restraint without the SALT limits. But given the current high level of mistrust between the superpowers, it is far more likely that each country, guided by worst-case assumptions about enemy intentions and capabilities, will substantially expand its forces.

The demise of SALT will also, very likely, undermine the Geneva arms talks. If we are to negotiate deep reductions in arsenals — a laudable goal affirmed by the President and Mikhail S. Gorbachev at last year's summit meeting — we need an agreed upon base line from which to reduce. The SALT limits provide such a baseline; an unrestricted arms race would not.

To justify its decision, the Administration charges that Moscow has violated the SALT accords. The issue of treaty violations is a complicated one. Both we and the Russians have accused the other of such actions. At least some of the Administration's claims appear to be justified. But none of the alleged violations are of major military significance. The correct response should be the one taken by the four previous Presidents — making full use of established diplomatic channels to resolve disputes with Moscow. Responding to Soviet violations by scrapping SALT is tantamount to reacting to an increase in the crime rate by abolishing the criminal code.

Between them, the United States and the Soviet Union already have some 50,000 nuclear warheads, including 22,000 strategic weapons. If President Reagan implements his decision to abandon SALT, the superpowers will intensify an arms race that is far worse than anyone would have dared to predict at the dawn of the atomic age. Why should we risk such a course when we can keep the lid on the competition, while seeking the substantial reductions both sides have proposed?



Horacio Fidel Cardo

# How About Low-Cost Drugs for Addicts?

By Louis Nizer

WE are losing the war against drug addiction. Our strategy is wrong. I propose a different approach.

The Government should create clinics, manned by psychiatrists, that would provide drugs for nominal charges or even free to addicts under controlled regulations. It would cost the Government only 20 cents for a heroin shot, for which the addicts must now pay the mob more than \$100, and there are similar price discrepancies in cocaine, crack and other such substances.

Such a service, which would also include the staff support of psychiatrists and doctors, would cost a fraction of what the nation now spends to maintain the land, sea and air apparatus necessary to interdict illegal imports of drugs. There would also be a savings of hundreds of millions of dollars from the elimination of the prosecutorial procedures that stifle our courts and overcrowd our prisons.

We see in our newspapers the triumphant announcements by Government agents that they have intercepted huge caches of cocaine, the street prices of which are in the tens of millions of dollars. Should we be gratified? Will this achievement reduce the number of addicts by one? All it will do is increase the cost to the addict of his illegal supply.

Many addicts who are caught committing a crime admit that they have mugged or stolen as many as six or seven times a day to accumulate the \$100 needed for a fix. Since many of

them need two or three fixes a day, particularly for crack, one can understand the terror in our streets and homes. It is estimated that there are in New York City alone 200,000 addicts, and this is typical of cities across the nation. Even if we were to assume that only a modest percentage of a city's addicts engage in criminal conduct to obtain the money for the habit, requiring multiple muggings and thefts each day, we could nevertheless account for many of the tens of thousands of crimes each day in New York City alone.

Not long ago, a Justice Department division issued a report stating that more than half the perpetrators of murder and other serious crimes were under the influence of drugs.

## Crime would drop, and the mob would lose income

This symbolizes the new domestic terror in our nation. This is why our citizens are unsafe in broad daylight on the most traveled thoroughfares. This is why typewriters and television sets are stolen from offices and homes and sold for a pittance. This is why parks are closed to the public and why murders are committed. This is why homes need multiple locks, and burglary systems, and why store windows, even in the most fashionable areas, require iron gates.

The benefits of the new strategy to control this terrorism would be immediate and profound. First, the mob would lose the main source of its income. It could not com-

pete against a free supply for which previously it exacted tribute estimated to be hundreds of millions of dollars, perhaps billions, from hopeless victims.

Second, pushers would be put out of business. There would be no purpose in creating addicts who would be driven by desperate compulsion to steal and kill for the money necessary to maintain their habit. Children would not be enticed. The mob's macabre public-relations program is to tempt children with free drugs in order to create customers for the future. The wave of street crimes in broad daylight would diminish to a trickle. Homes and stores would not have to be fortresses. Our recreational areas could again be used. Neighborhoods would not be scandalized by sordid street centers where addicts gather to obtain their supply from slimy merchants.

Third, police and other law-enforcement authorities, domestic or foreign, would be freed to deal with traditional nongang crimes.

There are several objections that might be raised against such a salutary solution.

First, it could be argued that by providing free drugs to the addict we would consign him to permanent addiction. The answer is that medical and psychiatric help at the source would be more effective in controlling the addict's descent than the extremely limited remedies available to the victim today. I am not arguing that the new strategy will cure everything. But I do not see many addicts being freed from their bonds under the present system.

In addition, as between the addict's predicament and the safety of our innocent citizens, which deserves our primary concern? Drug-induced crime has become so common that almost every citizen knows someone in his immediate family or among his friends who has been mugged. It is

## Addicts could get their fix at Federal clinics

these citizens who should be our chief concern.

Another possible objection is that addicts will cheat the system by obtaining more than the allowable free shot. Without discounting the resourcefulness of the bedeviled addict, it should be possible to have Government cards issued that would be punched so as to limit the free supply in accord with medical authorization.

Yet all objections become trivial when matched against the crisis itself. What we are witnessing is the demoralization of a great society; the ruination of its school children, athletes and executives; the corrosion of the workforce in general.

Many thoughtful sociologists consider the rapidly spreading drug use the greatest problem that our nation faces — greater and more real and urgent than nuclear bombs or economic reversal. In China, a similar crisis drove the authorities to apply capital punishment to those who trafficked in opium — an extreme solution that arose from the deepest reaches of frustration.

Free drugs will win the war against the domestic terrorism caused by illicit drugs. As a strategy, it is at once resourceful, sensible and simple. We are getting nowhere in our efforts to hold back the ocean of supply. The answer is to dry up demand.

## It has a proper place in a dangerous world

Solidarity explains Washington's behavior.

The purpose of intelligence is put in question. The likeliest reason for Washington's inaction is the classic compulsion of spy masters not to let the other side know what they have learned. Warsaw knew that Col. Wlodzimierz Kuklinski and his family had disappeared, but Washington probably wasn't sure if Warsaw realized he was a spy, that he was in American hands, and that he had given away the operation.

There is often an obsessive tendency in this business to keep secrets for the sake of secrets, to try to get secrets for the sake of getting secrets, without too much concern for the use of information tried out or denied.

Once when Nikita Khrushchev was visiting the U.S., he told President Eisenhower that since both sides hired so many double agents, they could save a lot by splitting the cost. There is a realistic edge to the joke. To a considerable extent, spies on each side serve to keep the other side in work.

Intelligence is important in a dangerous world, and it has a proper purpose — to provide warning, not only of military but also of political, economic and other surprises that can do damage to the whole nation.

All countries seek to find out what they feel they desperately need to know. There isn't the vast moral difference presumed in probing the secrets of adversaries and those of friends, which can also hold threatening possibilities. It is certainly distasteful to learn that Israel, which relies so heavily on American aid money, bought U.S. secrets. But it is disingenuous to call it exceptionally sinful.

Not knowing what is really happening with friends can be as harmful as not being warned about foes. There was a massive U.S. intelligence failure in the last years of the Shah's reign in Iran, in order to please the Shah by not going behind the back of his secret police.

Washington didn't even know the Shah was terminally ill until after he fled Iran, nor was it adequately informed on the scale of the opposition and its various movements. U.S. policy would have had to be different, instead of disastrously trying to prop up the dying Shah, and the result might well have been a quite different regime from that of Ayatollah Khomeini. America and a vast number of other people would have been far better off.

It is not unreasonable to seek warning on grave issues, by spying if there's no other way. But the point is to make better policy and protect people. Otherwise, it's expensive dirty tricks without justification.



# Bob Hoskins: Tough Guy, Tender Heart

By MICHAEL BILLINGTON

**B**ob Hoskins, who shared the Best Actor Award at Cannes this year for his performance as a small-time crook in Neil Jordan's romantic thriller "Mona Lisa," derides the idea that he is now a star. Sitting in the lounge of a smart London hotel and filling the air with broad Cockney vowels, he hoots with laughter at the notion of himself as a hot international property.

"I don't think I'm the sort of material movie stars are made of," he says. "You've got to be a bit glamorous for that. I'm 5 foot 6 inches and cubic. My own mum wouldn't call me pretty."

But surely a star is simply someone who gets his name above the title? "Yes," retorts Mr. Hoskins. "But so did Bela Lugosi."

That is typical Hoskins, whose conversation is a mixture of Cockney banter and homespun philosophy. What you meet off the screen is very much what you see on it: a chunky figure with a powerful, close-cropped head that looks as though it could batter bricks and a gregariously cheerful nature. But, star or not, Mr. Hoskins became a name to American film audiences through his performances as a brutish gangland boss in a British thriller, "The Long Good Friday," as the New York mobster O'Neary Madden in Francis Ford Coppola's "Cotton Club" and as a Hollywood screenwriter in the current "Sweet Liberty."

Despite the ripe East End accent, he was born 43 years ago in a small town in Suffolk but was brought up in north London, where his mother was a school cook, his father a clerical worker. The latter once warned his son: "You'll either wind up a millionaire — or on the gallows." Fortunately the first prediction looks more likely.

Mr. Hoskins quit school at 15 and for the next 10 years tried his hand at almost everything. "I dug the roads," he says, "drove a truck, became a window cleaner, a porter in Covent Garden market, a trainee commercial artist and studied for three years to be an accountant: it was only when I got the certificates I realized it wasn't what I wanted to do. I got into acting by accident. I was in a bar, and they were auditioning for an amateur play upstairs and must have thought I was one of the guys for the audition. They said, 'You're next,' so I read the part and got the lead in this play. An agent saw me and told me I should turn professional and I said, 'Get me

a job and I will.' I was a very bad actor to start with. There was a lot of energy but no actual craft."

Mr. Hoskins tells some hilarious actors' stories about his three-year trudge round the British regional theaters from 1969 to 1972. One afternoon he was playing Richard III, began "Now is the winter of our discontent," realized there were only three people sitting out front and leapt straight into "My kingdom for a

Bernie the Volt (Mr. Hoskins), chatted to the bemused star (John Gielgud), stuck on a prop horse surrounded by eddying smoke. Mr. Hoskins stole the scene and, what is more, the attention of the producer Kenneth Trodd, who gave him the starring role of a sheet-music salesman in Dennis Potter's television series, "Pennies From Heaven."

Since then Mr. Hoskins has never stopped. At Britain's National Thea-

"But," protests Mr. Hoskins, "I've done other things as well. I played a police chief in 'The Honorary Consul,' and in Alan Alda's 'Sweet Liberty' I'm a neurotic American screenwriter. If people remember the heavies, it's because what I try and do is make the audience understand them. If you just show a bad man, that's rubbish, that's cartoon time. Eichmann used to take flowers home to his wife and was a good father; and, if you were



Bob Hoskins, as an ex-convict, and Cathy Tyson, as the prostitute he chauffeurs, in a scene from "Mona Lisa"—"less of a thriller than a love story," he says.

horse," telling the audience he'd buy them all a drink in the pub in five minutes.

But the turning point for Mr. Hoskins came at London's Royal Court Theater in 1972 with, significantly, a play about the making of a movie. Charles Wood's "Veterans" was a lightly fictionalized account of the filming of Tony Richardson's "Charge of the Light Brigade"; and in one scene the unit electrician,

ter, he was a failed crook in Sam Shepard's "True West" and Nathan Detroit in "Guys and Dolls." He played Iago in the BBC TV Shakespeare's "Othello" and Mussolini in an ill-fated Italian film for HBO. And his film career has taken him from a small role in John Byron's "Inserts," with Richard Dreyfuss, to fame in "Mona Lisa." Given his own natural bonhomie, why is he so often cast as mobsters or monsters?

playing him, you'd have to show that as well as the perpetrator of Nazi atrocities.

"That's the great thing about film as opposed to the stage: you can show someone thinking. You can take an audience into your mind and your bloodstream so they are not just observing you, they're feeling with you. Mind you, it doesn't always work. I was heartbroken when I saw the Musesolini film. It was flat as a pancake.

## Arts & Leisure

because the Italians dub sound very badly, so there was this great bald thing on the screen and a voice that seemed to come from somewhere else. I realized what they were doing and should have compensated by acting with the facial muscles more than the voice."

Mr. Hoskins, who calls himself a survivor, has, however, a knack of emerging unscathed from even the most ill-fated project and finding something of value in it. Even in the lacquered gloom and fragmented narrative of "The Cotton Club," his O'Neary Madden had a stubby individuality. But Mr. Hoskins still finds it slightly amazing he was invited to be in the film at all.

"The phone went at home one night," he says, "waking the kids, and a voice said he was Francis Ford Coppola. I said I was Henry VIII and put the phone down. I thought it was some joker, but luckily he rang back. The shooting itself was a nightmare: I went out to New York for a 10-week job and wound up there for eight months. But I wouldn't have missed it, because through it I met Fred Gwynne, who became one of my greatest friends. Francis also let us write all of our own scenes and, if our sequences work, it's because they're built on a real relationship between two men. Actually, I based the whole character of O'Neary Madden on the mother of a friend of mine. This woman is very robust, domineering but caring. O'Neary is like that to his brood, and Fred knew that was how I would react when he went on the stage: like a big, upset, tyrannical mum."

There is a strong streak of sentimentality in Mr. Hoskins that enables him to humanize monsters in a way few have since Cagney: alongside that exists an instinctive feminism. Surprisingly, in view of his burly maleness, he claims has learned most about acting from the star actresses (Vanessa Redgrave, Helen Mirren, Diana Rigg) he has played alongside. "For nearly 2,000 years," suggests Mr. Hoskins, "women have had to play a secondary role to men, but women can express a private moment or hidden thought without saying a word. Acting is all about the revelations of those private, unshielded moments. If you want to find out how to express something, you watch the women, and that is what I have done all through my career. In

acting you've got to use the feminine side of you. I don't mean the limp wrist but what are still considered the feminine qualities: vulnerability, affection, tenderness. I think a really dignified person is someone who allows all that to show and is not afraid to be themselves."

This may be the clue to Mr. Hoskins' success in "Mona Lisa," where he plays George, an ex-convict who gets a job chauffeuring a black prostitute round London hotels and finds himself falling in love with her and drawn into a search for her missing girlfriend, a drug addict. When Neil Jordan (the Irish director who made "Angel" and "Company of Wolves") first sent him the script, Mr. Hoskins turned it down. Mr. Jordan's revised, second version had him barking with delight.

"In the first version," says Mr. Hoskins, "I was running round like Rambo. But I said to Neil, 'Rambo I ain't.' The guy was one of those superheroes, whereas the really brave people are vulnerable. I saw it right from the beginning as less of a thriller than a love story, and one of the reasons I adore it so much is that it goes against the current trend."

"In a lot of pictures today the core of the piece is hatred and revenge. In this, terrible things happen, but they happen because of the deep feelings locked inside someone. The only research I did was to take my daughter to the London Zoo and look at all those beautiful creatures in the bird cages. To me that explained George, who's got a big soul trapped inside him. First of all he's been in prison. But he's also trapped inside his own ignorance. You could never tell a drama student to go and look at the monkeys in the zoo. But, as an actor, you have to get an instinct for creating the right feeling."

Mr. Hoskins has the native shrewdness of the self-taught. In Alan Alda's "Sweet Liberty," he proved he could work the Methodical American way: he and Mr. Alda spent many happy hours building up the neurotic writer's family history and his dominance by an overachieving brother. Next spring Mr. Hoskins will also branch out as writer/director, with the shooting in Czechoslovakia of his own script, "The Raggedy Rawney," which is about wartime gypsies and a legend passed on to him by his grandmother.

## Vintage Plotting Propels Mach II Planes in 'Top Gun'

By VINCENT CANBY

**H**e's a wild card — flies by the seat of his pants," says the senior officer of the brash young pilot in his command. "He's completely unpredictable."

The subject of this grudging admiration is Lieut. Pete Mitchell, nicknamed Maverick, in whom the reckless, romantic, elitist (all pilots are officers) spirit of nearly 60 years of military aviation movies carries on in the current hit "Top Gun."

"Top Gun" is a truly absurd movie, yet I enjoyed it almost as much as the 8-year-old boy within me had anticipated after seeing the film's trailer last winter. It was a standard trailer except for the clips showing jet fighters in extraordinary dogfights at speeds that appeared to be supersonic, though I'm not sure whether this is actually possible.

In common (I suspect) with a large portion of the American public of my generation, I've been a sucker for movies about flying ever since the 1930's. Lindbergh's 1927 flight across the Atlantic was before my time, but balsa models of the Spirit of St. Louis were more treasured than scale replicas of the Nina, the Pinta and the Santa Maria. Then, as now, flying represented freedom, a triumph over the gravitational pull of reality.

This was the time of air shows put on by pilots who, during the Depression, barnstormed the rural Middle West, demonstrating loop-the-loops, barrel rolls, wing-walks and, at the climax, a parachutist's defying death by free-falling from a plane, long before the practice was called sky diving. There were also air races in which the latest in snub-nosed monoplanes raced — at speeds approaching 200 miles per hour — around yellow pylons at either end of the country airstrip, sometimes fatally cracking up in a heap of silk fabric and what looked to be kindling wood.

In addition there were sideshows. For a small fee, one might be allowed to inspect the elegant interior (including the bathroom) of a silver-colored Ford Tri-Motor (now extinct except in certain parts of Latin America), to anticipate a future in which one could fly coast-to-coast in less than two days. For a slightly larger fee, one could climb into a wicker laundry basket, attached to a helium-filled balloon, to make a breathtaking ascension in order to see the adjoining fields one already knew were there.

In this age of jumbo jets (the interiors of which are so big I feel as if I were attending a memorial service rather than going somewhere), I still have a weakness for movies about flying. Now, however, they seem to represent the past rather than the future.

"Top Gun," made with the full cooperation of the Navy (for which it's a live-action recruiting poster), is nothing if not high-tech — and this takes some getting used to. One doesn't initially respond to the drama of the dogfights in which Maverick (Tom Cruise) is at the controls of an F-14 Tomcat, which can fly at more than twice the speed of sound and carries seven tons of armament. The equipment has become so finely computerized you get the idea that anyone who has soloed 10 hours in a video-game parlor could operate it.

Long gone are the days when aces on the order of Eddie Rickenbacker, wearing leather helmets with ear flaps, goggles to protect their eyes and long white silk scarves (for style), flew with the wind in their faces and could recognize their enemies, not as blips on a radar screen but by the moles on their chins. Snoopy's fantasies of wing-on-wing combat with the Red Baron are what it was all about.

It's a measure of the effectiveness of the spectacular flying scenes of "Top Gun" that, as the film proceeds, one begins to respond to the drama of this computerized air combat. I say this as someone who still prefers a manual

stick shift, under the probably mistaken impression that I'm more in touch with the car than with an automatic shift that has a mind of its own.

It's "Top Gun's" possibly insidious message that air warfare today really isn't that different from 1914-18. Where the pilot of a Jenny had to worry about a tailspin, "Top Gun's" Maverick is haunted by the specter of a flameout. In this way, the film is almost soothing. As far as I can remember, nobody in the movie ever mentions anything as disturbing as atomic warheads or the bomb. Combat is still a matter of some gallantry.

Wild cards like Maverick have been flying by the seats of their pants ever since William Wellman's classic, "Wings" (1927), which re-created World War I air battles over France in scenes combining new material with newsreel footage in seamless ways that can still astonish audiences. Equally seamless are "Top Gun's" cuts between shots of real airplanes and the miniatures that stand in for them when planes appear to be detonated in midair.

In most other respects, "Top Gun" is standard movie making, directed by Tony Scott to have the same sort of glossy look that distinguished his chic vampire movie, "The Hunger." Its screenplay (by Jim Cash and Jack Epps Jr.) is a retread of dozens of gung-ho service movies that came out in the peacetime 30's and 40's.

You've probably seen some of them on television at 3 A.M. — movies about brilliant nonconformists like Maverick, who (usually by losing a best friend in a fatal accident) learn respect for authority during their training as pilots for the Navy ("Wings of the Navy," 1938), Marine Corps ("Devil Dogs of the Air," 1939) and Army ("I Wanted Wings," 1941).

Those movies were somewhat inhibited by the peacetime in which they appeared, and by an isolationism that, in spite of events in Europe, wasn't effectively discredited until Dec. 7, 1941. For this reason, they were enthusiastically supported by the three branches of the military that were thus glorified. However, as innocuous as most of the films seem to us today, they were regarded with a good deal of skepticism, even by critics not immune to the spectacle of the aerial footage.

A case in point is "Devil Dogs of the Air," which starred James Cagney in the Maverick role, Pat O'Brien as his best friend and Margaret Lindsay as the young woman waiting on the ground.

"Top Gun" brings us up to date without having to change the formula. First seen on an aircraft carrier patrolling the Indian Ocean, Tom Cruise's Maverick, an arrogant, self-assured loudmouth, gains the admiration of his superiors by his cool behavior during a nonshooting dogfight with some MIG-28's, representing an unfriendly nation that's never named.

As a result, he wins an appointment to the Navy's advanced Fighter Weapons School at the Miramar Naval Air Station outside San Diego. There, among other things, he gains a female friend, a beautiful astrophysicist, but loses his longtime male pal, which profoundly changes his character and makes him a better pilot when he returns to the Indian Ocean.

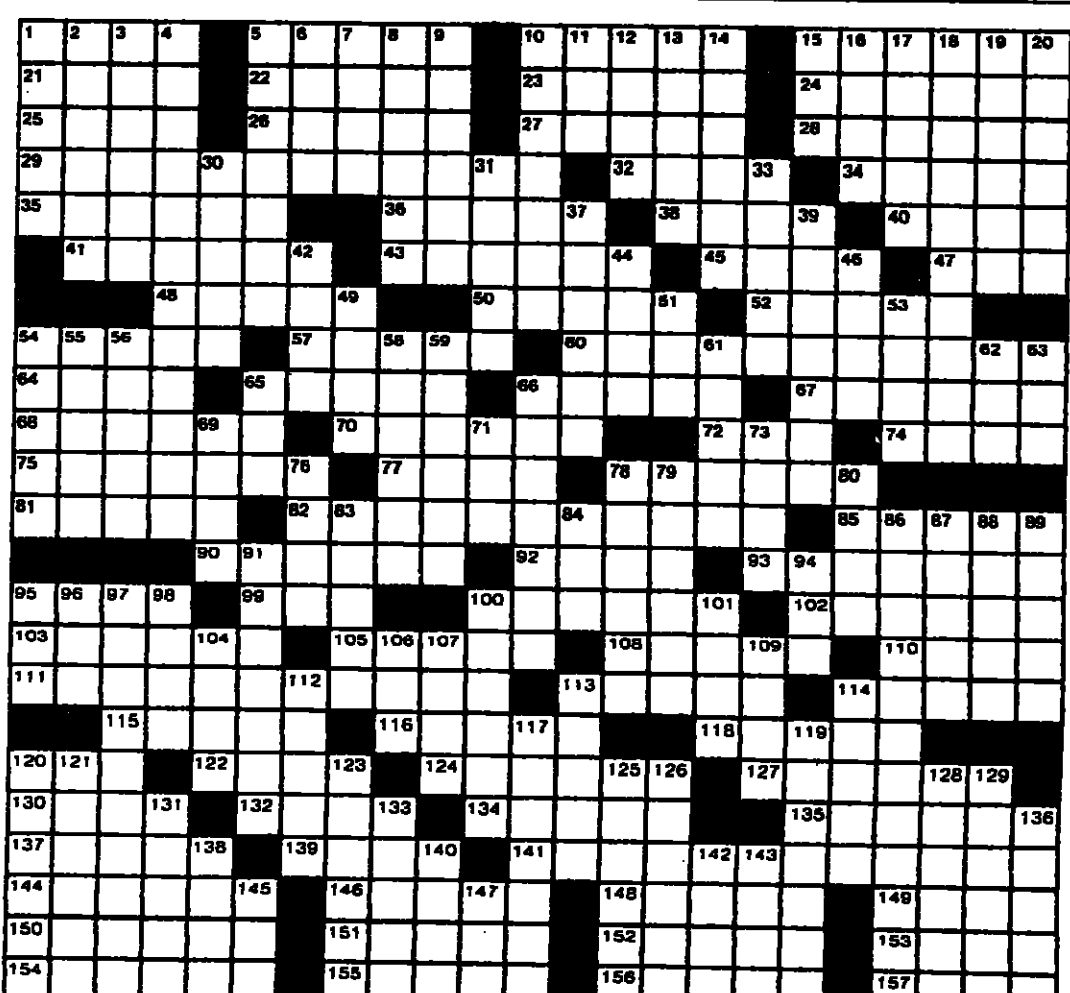
Unlike the movies of the 30's and 40's, "Top Gun" is not inhibited by the peacetime in which it has appeared. It has a fine old shoot-'em-up climax in which Maverick takes on those nasty MIG-28's (painted an ominous black, decorated with an equally ominous star, which, I think, is red), and becomes, we are told, "the most famous man in the country."

I'm not sure that "Top Gun" is a dependable inspiration to the youth of the land. There's something awfully foolish about its view of personal as well as international relations. However, its aerial footage is as alluring as ever. It still represents a child's idea of freedom. It also suggests that war might still be a one-on-one proposition, and not a sudden, unannounced, impersonal incineration.

## International Agreements BY BARRY L. COHEN/Puzzles Edited by Eugene T. Malachuk

### ACROSS

- 1 Jai follower
- 5 Hooligan of comics
- 10 Seemed less important
- 15 Nixon's "Six
- 21 Brooks and Allen
- 22 Love, to Loren
- 23 Faithful
- 24 Most dreadful
- 25 Long river in NE Asia
- 26 Rooms in a casa
- 27 S.E.G. member
- 28 Lacomian capital
- 29 Italian impresario?
- 32 Gunshots
- 34 Racing Guidry
- 35 Temper
- 36 Hindu kingdom
- 38 Heavy volume
- 40 Tivoli's Villa d'
- 41 Certain brook trout
- 43 Pitfalls
- 45 Arndt piano piece
- 47 Female lobster
- 48 "Where..."
- 50 1968 Kann film
- 52 Balancing devices, for short
- 53 Greece's Vale of —
- 54 Rice
- 57 Sedaka's "I



- 68 Viking route?
- 69 Word with tint or tone
- 69 Yankee manager in 1964
- 69 Stupid
- 69 Forest resource
- 69 Author of "Phedre"
- 70 Tooth deposit
- 72 — favor (please, in Ponce)
- 74 Dog star
- 75 Nacre source
- 77 Scala and namesakes
- 78 House for Henri
- 81 A butterfly
- 82 Glaswegian gap?
- 85 Temple's ex and family
- 89 Revolt in the ranks
- 82 River in NE Spain
- 83 Wrap up
- 85 Cricketer-field sides
- 89 Neither's kin
- 100 Secret
- 102 Brutal
- 103 Street shows
- 105 Fissures
- 108 — eagle
- 110 Ancient Asian
- 111 Athens
- 112 Aggregation?
- 113 Occasion for bitter herbs
- 114 Built a rattan chair

- 115 Corundum
- 116 Tennis stroke
- 118 Give new courage to
- 120 N.Y.C. subway line
- 122 Spanish muralist
- 124 Value
- 127 Talks back
- 130 Cartouche
- 132 Milne's "When We — Very Young"
- 134 Keats's muse
- 135 Stone markers
- 137 Cogwheel adjuncts
- 139 Dry, in Málaga
- 141 Bedouins' charms?
- 144 Leaf interstice
- 146 Outfielder Irv
- 148 Holy work of art
- 149 Cartoonist Gross
- 150 Two words in a Simon title
- 151 "Trolley Song" word
- 152 — Murphy in "Oklahoma!"
- 153 Very small shoe size
- 154 Dainties
- 155 Privet's use
- 156 Nobelist Lagerlöf
- 157 Stack role

- DOWN
- 1 Iraqi city
- 2 Duds
- 3 Distaff grad

- 4 The Tel Aviv Times?
- 5 Heated arguments
- 6 Oriental nurse
- 7 Word with shirt or Grounds
- 8 New Orleans dish
- 9 Synophants
- 10 City in SE France
- 11 — debt: Baltic I.O.U.?
- 13 Heron
- 14 Puerto Rican — San Juan cleric?
- 15 Certain bank acct.
- 16 Bank of a rivus
- 17 Wrath
- 18 E. Yugoslav's seasonings?
- 19 Heir's legacy
- 20 Island off the N.J. coast
- 28 Dapper
- 31 " — like — Of prancing Poetry?"
- 33 Slew, in poetry
- 37 Loewe's partner
- 38 Kind of magnet
- 42 Storm
- 44 Willingly
- 46 To me, in Paris
- 49 Basis for a civil suit
- 51 C.C.N.Y. or N.Y.U. group

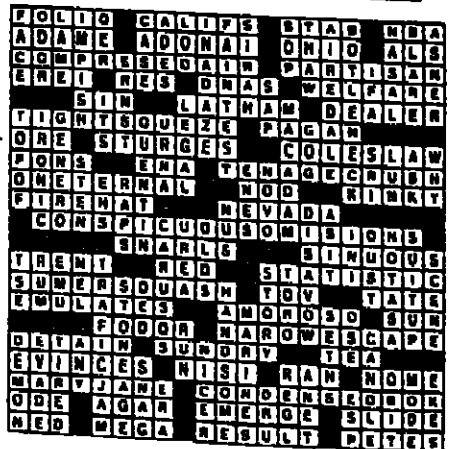
- 53 Big cat
- 54 Yugoslav coins
- 55 Jordan's only port
- 56 Old coin of Europe
- 58 — tarragon: Spanish spice?
- 59 Remembrance
- 61 Of a reddish-brown hue
- 62 Unyielding period
- 63 Historical
- 65 Writer Hecht
- 66 Certain racers
- 69 Routine state
- 71 Second of a game trio
- 73 " — knew well/Thy love..."
- 76 This, in Cádiz
- 78 Esprit de corps
- 79 Did penance
- 80 Wheel hub

- 83 Fleecy clouds
- 84 A natl. net-work
- 86 Message of a Munich minister?
- 87 Australian — outlander?
- 88 Schmitzer's "La —"
- 89 Celerity
- 91 Loosen, in a way
- 94 Gridiron initials
- 95 Asen.
- 96 "Dolce — niente"

- 97 Lars liberat-ed?
- 98 Look
- 100 Military command
- 101 Elbe feeder
- 104 Barely manages
- 106 Figures from certain exams
- 107 Reek
- 109 Ajax's god
- 112 Harpe's fore-runners
- 113 Harvest wool
- 114 " — dive"
- 117 O'Neill's "Interlude"
- 119 Cosmetic preparation
- 120 Endow
- 147 R.R.V.I.P.

- 121 First word of a Sarah Adams hymn
- 123 French —
- 125 Warehouses
- 126 Part of MASH
- 128 She pined for Lancelot
- 129 Kin of pine martens
- 131 Maul word
- 133 Molière's "L' — des maris"
- 136 Met bass-baritone
- 138 Coin drop
- 140 Mouthward
- 142 Marked
- 143 Stop up
- 145 French connectives

- ANSWER TO PREVIOUS PUZZLE









# The faded dream of rental housing

TEL AVIV. — Putting up rental housing could help pull the building industry out of its present slump and provide work for a shrinking labour force.

Perhaps the largest group to welcome rental housing is potential immigrants from the affluent western countries.

Interestingly enough, 4,240 persons arrived on "look before you leap" potential immigrant visas in 1985, slightly less than the 4,665 which arrived with true immigrant status.

These potential immigrants are willing to become immigrants only after they have studied the situation at first hand, found suitable work and schooling for their children. They are spiritually willing to settle, but materially hesitant, one contractor said.

True, the government offers them housing on rather good terms; but these immigrants are used to a much higher standard of housing — and in much better neighbourhoods.

Buying a fairly large and comfortable flat in one of the better neighbourhoods of Holon, for example, can cost \$80,000 plus. In North Tel Aviv the price can easily be twice this much. And in Kfar Sava a 170,000 square metre dwelling goes for \$150,000, although five and ten minutes away, across the Green Line, the same size house can cost only \$100,000, for land is much cheaper there.

And although government mortgages (a family of four can today obtain up to \$40,000 in mortgage) can reduce this immediate outlay substantially, it does not change the attitude of most of these immigrants. First they want to make sure that they want to settle here, before they dig deep into their reserves.

Most western immigrants, despite the notion held by many Israelis, are not "rich": their standard of living might be much higher than that in Israel, but this high standard prevents most from saving money.

Another group consists of "senior citizens" who might retire here if, in addition to moderately priced rental housing (they do not care to buy at their age), another extremely important condition existed: adequate and fairly cheap health care.

They are used to private doctors — and private doctors are expensive in Israel — with \$40 to \$50 a visit for minor ailments an accepted mini-

mum. Israelis can rave about the wonderful climate here; but why retire to Israel when one can have the same climate in California, plus being close to doctors one is accustomed to, as well as the children and grandchildren? Unless, of course, living is substantially cheaper here, cheap enough so that with the same budget one can also afford a trip or two to the U.S. every year.

True, some minor steps have been taken in Israel to help these senior citizens. The Association of Americans and Canadians in Israel recently announced that an agreement has been reached between the Empire Blue Cross Shield (representing some ten million members in Greater New York), and the Herzliya Medical Centre, granting the latter full accreditation.

But so far the Israel government has not made arrangements with the American government to extend Medicare coverage to Israel. This would be another boost in convinc-

ing, he can still obtain upwards of \$40,000 in most cases. There are few effective impediments to smuggling the money abroad. This foreign currency is a good stake for him in a foreign country until he finds a job and rents a place to live.

The second main reason why Israel has so little true rental housing is both political and financial.

Government policy has always been to subsidize the householder (who has many votes) and not the contractors (who have few votes). This applies not only to buying a flat, but also to rentals. The government charges 6.2 per cent on its mortgages, while a private contractor will charge 13 per cent, but only two percentage points more than he can get from buying "arrangement" bank shares, which pay slightly more than 11 per cent today.

For example, until recently Amidar (a government-company) was charging only \$3 a month for its flats,

pay this rent in a country where the average wage is much below this sum? "About \$300 is the maximum that any family can pay a month if the breadwinner earns an average wage," one contractor said recently. Twice in the past, in 1969/1970, and in 1981, the government took steps (based on all sorts of benefits too complicated to go into here) to encourage rental housing. Failure resulted both times, not because the government did not honour its word, but because economic and financial conditions here have a strong tendency to shift course suddenly, sweeping away the financial foundations upon which the agreement was based.

Those contractors who built rental housing in these two periods are still weeping.

At present, a government committee is again discussing measures to make rental housing profitable. But the contractors have little hope that anything favourable will emerge, and if it does, one must always be on his guard against the shifts of financial winds in Israel.

Two other factors work against rental housing. The first is the Tenants Protection Law. It was passed back in distant history — a baby born then could be a grandfather or grandmother today. Although the authorities allow rents to be raised periodically, they are still far below market levels. And there is always the fear that another huge wave of immigration, followed by a housing shortage and soaring rents, will lead to another Tenants Protection Law on newly built flats.

There is also the problem of eviction. A tenant who refuses to pay his rent in the U.S. can be evicted within a short time; in Israel court procedures are not only lengthy but also costly.

But if there is one ray of light in all this gloom, it is the several hundred flats in Mitzpe Ramon which can be bought (according to Amidar) for "peanuts" on terms somewhat like rentals. The town nestles high in the Negev hills, has clean air, recommended for those suffering from asthma. It would be a suitable "residential village" for immigrant senior citizens — if there was something to do there except to look at each other and complain and become depressed. But no one has yet produced the initiative to bring a little life to Mitzpe Ramon.

## Macabee Dean on the housing industry; the third article in a series

ing American senior citizens to retire here. Convincing the American government would be much simpler than convincing it to give Israel contracts for Star Wars programme.

Yes, they might settle here if adequate medical care was available and if rents were low — which seems highly unlikely in the foreseeable future.

Why has rental housing never "caught on" in Israel?

There are many reasons. First, there is the national philosophy of both the Alignment and Likud. Both seem to believe that the best way to hold an immigrant in this country is not only to make him feel that Israel is his spiritual "home," but to make him set down roots here by giving him a "physical home."

The average breadwinner who owns his home is much more unlikely to embark on thoughts of emigrating. For he has indeed set down his roots here. He has invested in his home; to sell it would mean losing years of investment.

Interestingly enough, some contractors feel that forcing a person to own a home is an inducement to emigrating. "Despite his loss in sell-

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## Dollar's upward trend reversed

TEL AVIV. — The U.S. dollar reversed its upward trend last week and dropped sharply all through the week. It closed 5.3% lower against the Swiss franc, 4.6% lower against the German mark, 4.2% lower against the Japanese yen and 2.3% lower against the British pound.

The sudden reversal of the dollar's strength came after various statements by U.S. officials, who were concerned about the high exchange rate of the dollar. Technical considerations contributed to the reversal since the dollar touched major resist-

ance levels on weekly charts. Volcker, the U.S. Federal Reserve Bank chairman, said that a U.S. discount rate cut is not contingent upon West Germany. His comments intensified the market's conviction that the U.S. still wants its currency to decline.

U.S. Trade Representative Yeulter said that the dollar was likely to weaken once more against the Japanese yen after the Japanese general election of July 6. Feldstein, the former chairman of the Council of Economic Advisers predicted a

substantial drop in the dollar because of the massive U.S. trade deficit.

Forecast of moves — the uncertainty in the exchange rates and the growing volatility indicates that any forecast at this point is bound to be overtaken by change in the course of trading. Although the major trend of the European currencies is still up, it is very likely that in the next two weeks we will see wide trading swings for and against the dollar.

(Dr. Boaz Barak advisory service)

## U.S.-Israel tourism treaty

U.S. Vice President George Bush has indicated to Tourism Minister Avraham Shafir his willingness to come to Jerusalem next month to sign a tourism treaty between the U.S. and Israel. Bush reportedly told Shafir that "we mustn't disappoint our friends."

Israel has been asking for such a pact for some time. At one of his first meetings with U.S. Ambassador Thomas Pickering here Shafir lobbied for the speedy signing of such a treaty and he has raised the matter with the U.S. government on each of his three visits to the U.S. in the past six months.



Customers at a Tokyo department store admire a mannequin wearing a 280 million yen (\$1,647) ancient Japanese royal costume made of platinum fabric, which went on display as part of a platinum goods sales campaign. (Reuters)

## Central bank pressures other banks to shed excess branches

By PINHAS LANDAU  
Post Finance Reporter

The Bank of Israel is to open discussions with the commercial banks today with a view to reaching an agreed plan over branch closures and technological cooperation. The central bank hopes that, under its auspices, the banks will be able to develop a joint plan covering the question of which banks will close branches in which areas.

In the past, the banks have been unable to agree on this issue, claiming that city-centre branches were profitable outlets, and suburban and small-town branches were a necessary part of the social infrastructure.

The banks have also shown only a limited ability to cooperate on technical and technological matters. Two years ago they agreed to allow each bank's customers access to automated teller machines of rival banks,

but since that time no further progress has been made.

Analysts believe that relatively simple transactions such as deposits could be streamlined and thus made possible through any bank's outlets, not necessarily that in which the account being deposited is held. To do this, the banks would have to have compatible computer programmes, but would not need to invest in new hardware.

The Bank of Israel is also considering the possibility of cancelling licences of redundant and superfluous facilities, such as mortgage banks, of which the big banks have more than one each. The small subsidiary banks owned by the main commercial banks, which have historic and ownership roots with specific sectors of the population or the business community, may be included in this process at a later stage.

## Haifa ethylene production is pooled

By YA'ACOV FRIEDLER  
Jerusalem Post Reporter

HAIFA. — A major new development in the petrochemical industry was announced here last night — the Oil Refineries and Petrochemical Industries have reached an understanding to pool their ethylene and polyethylene installations in a new joint company to be set up for the purpose. The new company, in which each will hold a 50 per cent share, has already been approved by the two boards of directors. The Refineries will contribute its ethylene plant and Petrochemical Industries its polyethylene installation.

The two firms will now have to work out the details of the plan which provides for a joint invest-

ment of \$60 million, which will be used to upgrade production. This will create 200 new jobs.

Energy Minister Moshe Shahal, who has given his blessing to the scheme, is to work with the Industry Minister to secure the granting by the government of A-plus development status for the new company in order to encourage further large-scale investments.

The price of ethylene, a basic feedstock for the petrochemical industry, has long been a bone of contention between the two companies, which may now be eliminated.

## AIRLINE BRIEFS

GREER FAY CAHMAN  
Post Economic Staff

TOWER AIR, which has derived much of its business from flying Orthodox Jews between New York and Tel Aviv has moved to step up security and overcome Americans' fears of travelling abroad. Its New York-bound planes will continue landing in Brussels for refuelling and passengers will be allowed out of the aircraft, but none will be allowed to join the flight there.

In New York, pre-flight security checks will be taken, thus reducing weight which will be taken up by added fuel to enable the non-stop flight.

The airline, which will continue to charge \$50 less than its competitors, expects a rise in the number of passengers and therefore decided to increase the number of its flights to three a week beginning June 14.

TRAVELLERS concerned with reducing the effect of jet lag should carefully pick their time of departure, wear light and loose clothes, and drink lots of water, according to two experts quoted in a recent report in *Travel Weekly*. The practical suggestions are as follows:

- \* When possible, pick a flight that arrives at the time close to your normal bedtime.
- \* Depart during the day so you won't feel you've lost a night's sleep.
- \* Assume you will require 24 hours to adjust for each two hours of time difference.
- \* Avoid rushing to the airport and thus starting the trip in a state of anxiety or exhaustion.
- \* Travel light.
- \* Wear loose-fitting clothes so the skin can breathe.
- \* Move around the cabin during the flight to aid circulation.
- \* Don't overindulge in food or spirits, but drink plenty of water in flight.
- \* Try to rest on the plane. Remove your shoes and loosen your clothing. If you have trouble sleeping, cuddle a pillow and cover yourself with a blanket — good psychological sleep inducers. Otherwise — read. The important thing is to relax.
- \* Refresh yourself before arriving by brushing your teeth and splashing water on your face.
- \* Take time to relax upon arrival. Ease gradually into your itinerary. Try to stay in a hotel with a pool or a whirlpool; either can help you relax enough to sleep. Joggers may choose to wait a day before running.
- \* Keep in mind that the younger you are, the less jet lag will affect you. People in their forties to mid-fifties have their sleep disrupted the most.

## CLASSIFIEDS

### DWELLINGS

#### TEL AVIV

NORTH TEL AVIV apartment rentals. Contact specialists: Inter-Israel, Tel. 03-294141.

LUXURY HOUSING Tel Aviv/Ramat Aviv/Ramat Hasharon/Herzliya Pituah. Canadian International. Tel. 03-286222. Malden. 08-461717.

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## PUZZLED BY 15 ACROSS?

The Newnes Crossword Dictionary — a handy sourcebook for crossword enthusiasts, with over 60,000 carefully selected and classified words to help in solving and compiling crosswords. The dictionary is divided into several main subject categories, each of which is split up into subdivisions, alphabetized in lists featuring the number of letters in each word. Published by Newnes, softcover, 315 pages. PRICE: NIS 5.70

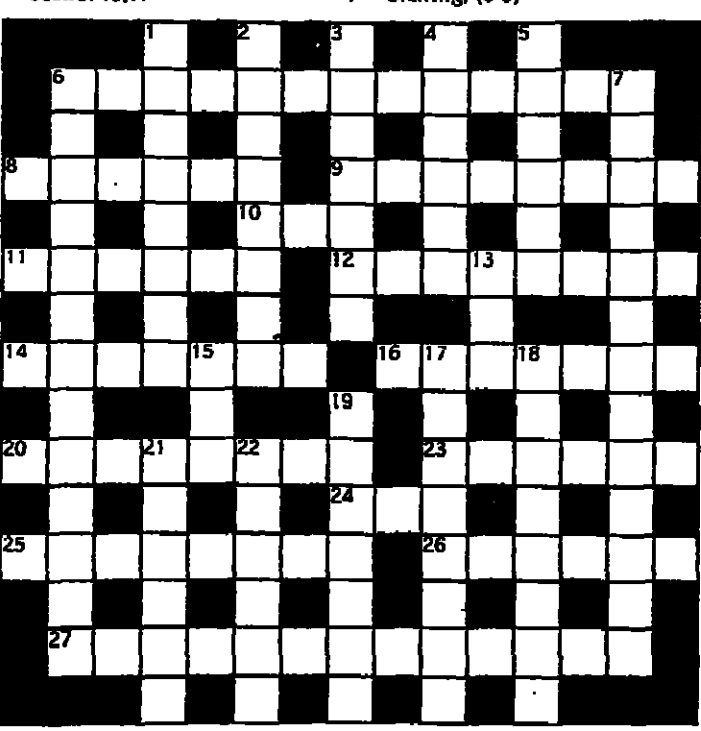
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CODE ..... TEL. ....



## ONE-ON-ONE CROSSWORD

- | ACROSS   | DOWN  |
|--|---|
| 6 Log-cabin in a forest where cheques or bills are exchanged (8-5)       | 1 Alfred the Great in Victorian literature? (8)                     |
| 8 Made money out of inventive phraseology? (6)                           | 2 The girl who is discretion itself (6)                             |
| 9 Two different instruments join in the dance (8)                        | 3 An original script about the songs heard in places of worship (7) |
| 10 Essential feature of a needle or watch, maybe (5)                     | 4 Crumpled T-shirt that might drive a fellow to drink (6)           |
| 11 An ex-PM in slow motion (6)   | 5 The late evening fare? (6)  |
| 12 At length one may rest on it (8)                                      | 6 Wine that isn't made to be drunk (7,6)                            |
| 14 A song that is productive of torments (7)                             | 7 Making a protest against what makes us xult at posing (13)        |
| 16 Boisterously dissolute trio ordered to ring us (7)                    | 13 The numt-r that was offered initially (3)                        |
| 20 The point of the object? (5,3)  | 15 One representative is a mischief-maker (5)                       |
| 23 Cooling drink of barley mixed by Tagore (6)                           | 17 A metal-worker ruling with tyranny? (4,4)                        |
| 24 A vehicle designed to carry front-line troops (5)                     | 18 A habit that's not easy to get out of (5,3)                      |
| 25 Integral arrangement on which there are many theorems (8)             | 19 Words that show how things are done, perhaps (7)                 |
| 26 Empty talk wafted over burning sands? (3,3)                           | 21 In fact that's so? (6)   |
| 27 Bird with a jaundiced look adding colour to the carnival scene? (6,7) | 22 Spirited drink that takes some beating! (3,3)                    |



## GENERAL ASSISTANCE

### EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clalit, Romema, 222191; Baitan, Salah Eddin, 27215; Shu'afat, Shu'afat Road, 910108; Bar Aldeva, Harod's Gate, 282058.  
Tel Aviv: Baitan, Shikun Baitan, 440552; Saniat, 83 Ibn Givoli, 246003.  
Netanya: Hadassah, 24 Harat, 22243.  
Haifa: Yavne, 7 Ibn Sina, 672288.

### DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah Mount Scopus (Internal), Misgav Ladach (obstetrics), Hadassah Ein Kerem (surgery, orthopedics), Shaare Zedek (ophthalmology).  
Tel Aviv: Rikah (pediatrics, Internal, surgery).  
Netanya: Laniado (obstetrics, gynecology, Internal, surgery, pediatrics).

### POLICE

Dial 110 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona: 4444.

### FIRST AID

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Ashkelon 23333 Kiryat Shmona \*44364  
Bat Yam \*551111 Nahariya \*923333  
Beersheba 74767 Carmiel \*596955  
Carmiel \*596955 Netanya \*23333  
Dan Region \*781111 Petah Tikva \*451555  
Elit 7223 Rehovot \*451555  
Hadera 22333 Rishon LeZion 942333  
Haifa \*512233 Safed 30333  
Hatzor 36333 Tel Aviv \*240111  
Holon 903133 Tiberias \*50111

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Rape Crisis Centre (24 hours), for help call: Tel Aviv, 234819, Jerusalem — 245554, and Haifa 88791.

Jerusalem Institute for Drug Problems. Tel. 663828, 663902, 14 Bethlehem Rd.

The National Poison Control Centre at Rambam Hospital, phone (04)529205, for emergency calls, 24 hours a day, for information in case of poisoning.

Kupat Holim Information Centre Tel. 03-433300, 433500. Sunday/Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

### FLIGHTS

24-Hour Flight Information Service: Call 03-9712494 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

### DENTAL

Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday 8 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.; 8 p.m. to 10 p.m. Tel. 03-284648.

Dental Clinic, 25 Rehov Ahimel, Ramat Aviv Gimmel, Shabat and holidays: 8 p.m. — 10 p.m. Weekday evenings: 4.30 — 10, Tel. 03-425832.

### QUICK CROSSWORD

- |                           |                       |
|---------------------------|-----------------------|
| ACROSS                    | DOWN                  |
| 5 Handsome woman          | 11 Confidence         |
| 8 Mangles                 | 14 Ocean              |
| 9 Flood                   | 16 Fleet of warships  |
| 10 Put too much weight on | 17 Rampus             |
|                           | 18 Vigor              |
|                           | 20 Savoury meat-jelly |
|                           | 21 Beekeeper          |
|                           | 25 Even               |
|                           | 26 Likely             |
|                           | 27 Condition          |
|                           | DOWN                  |
|                           | 1 Faint               |
|                           | 2 Horseman            |
|                           | 3 Nimble              |
|                           | 4 Florid              |
|                           | 6 Stress              |
|                           | 7 Scope               |
|                           | 12 Outlook            |
|                           | 13 Clear              |
|                           | 14 Undermine          |
|                           | 15 Venomous snake     |
|                           | 19 Adept              |
|                           | 21 Taxi-driver        |
|                           | 22 Place of oblivion  |
|                           | 23 Guide              |

### Yesterday's Solution

- DISASTER CEREAL  
IT'S A NATI  
PARLEYED BARTOK  
PENNYMAE  
ELEVENSES EIBOW  
RI COLELLI  
ORAN ROLLERS  
CEE ESE  
LINKWEN SURE  
AGAEUHS  
SPARTI XENOPHOBE  
SGNTBIBA  
WEIRDO LUKEMARY  
ANE RCRE  
REGARD INVENTOR
- QUICK SOLUTION  
ACROSS: 1 Special 5 List, 8 Up-end, 9 Offhand, 10 Dressed, 11 Ocean, 12 Detach, 14 Status, 17 Nadir, 19 Retrace, 22 Stadium, 23 Riles, 24 Yoked, 25 Theorem. DOWN: 1 Squad, 2 Element, 3 Ladus, 4 Lloyd, 5 Left out, 6 Shape, 7 Tidings, 12 Dynasty, 13 Cordial, 15 Trawler, 16 Prompt, 18 Drank, 20 Tire, 21 Epsom.



## MARKET PLACE

PINHAS LANDAU

## Suicides solve nothing

Another tragic suicide of an Israeli businessman has re-established one of the unpleasant truths that have emerged over the last year or two — that all too many Israeli managers are capable of running their affairs only when things are going well, but when the pressure mounts they come apart.

Unfortunately, in several cases this syndrome has ended in personal tragedy, when the protagonist has taken his own life. In many other cases, the denouement is characterized by the "midnight flit," when the businessman or businesswoman in question disappears in the wee hours, leaving behind a bankrupt outfit, unemployed workers and creditors with heavy losses. A favourite bolt-hole for this latter class is now Brazil — not because of the climate or any physical attraction, but because of the important legal fact that Israel has no extradition treaty with that country.

The gruesome manner in which Avraham Gindi put an end to his troubles cannot, however, cover up the more basic concerns of his ex-clients and of the public at large. When all is said and done, the fact that one Gindi is dead while the other two brothers are on the lam, is of consequence primarily to the individuals involved and their families. It doesn't make any practical difference to the people who bought flats from them but now have no chance of getting what they paid for, that in one case their contractor is on the other side of the world while in the other the contractor is no longer alive.

For the employees and the creditors, too, the attitudes to the circumstances may be affected by emotions, but the cash-flow situation remains identical. With those in South America, there is the theoretical chance that they may make good some of the losses they caused, but this is usually a forlorn hope.

From the perspective of the general public, the emotional aspect is far less relevant. The public as a whole has no special interest in "getting even" with people who didn't cause them any specific loss, or in "punishing" them. The public needs to be protected from people who, whether due to venality, incompetence, laziness or any other cause, represent a business menace.

In this sense, the issues involved in the bank share collapse are of the same ilk. The people responsible cannot make good the damage caused, nor will putting them in prison or meting out any other "punishment" have any effect, except to make some of the victims feel good. But the least that can be done is to remove them from the positions of power from which they caused the damage. And if, as they claim, anybody else in their position would have done the same, then the scope and role of the positions they occupy should also be examined and altered.

The easy way to do this, at least on a superficial basis, is to have everything subject to licensing and quasi-supervisory authorities. But, again, it is the bank share fiasco more than anything else which has highlighted the fact that it is not the lack of rules that prevented that disaster, but the unwillingness to stick to the ample rules that existed. As the Bejski report pointed out, if all the people involved had obeyed the laws and regulations and enforced what they were supposed to enforce, the entire business would never have occurred. The same is true of property developers in shady West Bank land dealings, of builders like Clarin, who operated with wafer-thin margins, and with travel agents (Kopel) who did the same. If you break the rules long enough or on a grand enough scale, you will come a cropper even if no official tries to stop you.

There are others, apart from the managers, who have a role to play. They are the accountants, and the internal auditors, whose roles were so savagely exposed in the Bejski report; the "outside" directors, and indeed the "inside" directors, too. And the ordinary shareholders: They have to learn to look after themselves and not rely on others — which boils down to the government.

If it all sounds familiar, it is. The flaws in Israeli business practice run much deeper than in countries with more firmly established corporate management traditions. On the dramatic fringe these flaws cost lives as well as money and other resources, and these tragedies throw the problems into sharp relief. It is the parting gift of the victims to the society they have deserted.

## Sharon pushes his plan for export growth

The government should be prepared to run the risk of small shocks to the country's economic stability for the sake of growth and a rise in exports, Industry Minister Ariel Sharon said yesterday. He was speaking at a seminar at the Hebrew University in memory of the late Israel Gal-Edd, a former director-general of the Ministry of Development and a founder of Israel Chemicals. Sharon also said that for political reasons there was no will to risk the achievement of lower inflation.

He presented the main points of

his plan for the encouragement of exports. He revealed that despite all government efforts to encourage foreign investment, these totalled merely \$46 million last year. The minister blamed the government's failure to sell government corporations for the lack of foreign investments.

Industries participating in the seminar, David Golomb, Koor Industries, and Amos Mar-Haim of Clal, harshly criticized government policy for what they said was the lack of encouragement of industry and the high rate of taxes.

## Civil service pensioned 2,400 in 1985/86

Jerusalem Post Reporter Some 2,400 civil servants have been pensioned off since the economic restraint programme was introduced in July 1985, the Cabinet heard at its weekly meeting yesterday. This includes persons who reached regular pension age and those taking early pension.

Another 400 civil servants would also have been pensioned off, mainly from the Public Works Department and the Government Printer, the Cabinet was told, had they not

appealed to the High Court of Justice, which is still considering their case.

Between now and March 31, 1987, the Civil Service Commission intends to dismiss another 800, the Cabinet heard.

## Omission

In yesterday's story about Yekutiel Federman on this page the by-line of Greer Fay Cashman was inadvertently omitted.

## DID YOU KNOW THAT...

...the value of new share issues dropped from NIS 410 million in 1985 to NIS 56 m. in 1986.

(Bank of Israel annual report)

## Europe's travel trade writes off 1986

LONDON. — A senior Scotland Yard policeman recently joined forces with British Prime Minister Margaret Thatcher in an attempt to woo back to Britain — in 1987 — the 25 per cent of the U.S. tourists who are staying away because of their fear of terrorism.

Deputy Assistant Commissioner Richard Wells told 80 invited U.S. travel agents that the danger had been grossly exaggerated.

Nine people, including one U.S. tourist, had been killed by terrorists in London since 1983, he said. The city of New York had more murders than the entire United Kingdom. "We must not yield to the economic threat of terrorism. We want you Americans to keep coming," said Wells.

It was an echo of the Prime Minister's appeal on U.S. television 24 hours earlier when she had said: "We love having Americans here. Please come. We miss you."

The travel agents agreed that life on the city's streets appeared normal, but they all confirmed that fear of terrorism was the main reason behind the disastrous slump in the numbers of U.S. visitors to Europe.

"It's now fashionable not to go to Europe," said Manny Beauregard, an agent from Atlanta, Georgia, who says his transatlantic business has fallen 80 per cent.

It is a measure of British — and European — anxiety that even assistant commissioners of police are being rallied to the cause of collapsing tourism. Throughout Europe, U.S. trade is now down by roughly a quarter over last year's record number.

Airlines, which now tend to profess that they feel the worst is over, report drops in transatlantic travel of around 20 per cent (British Airways) to 24 per cent (TWA). But both BA and TWA said last week that there had been a slight reduction in the rate of cancellations.

Although "terrorism" is the main reason given by U.S. citizens who have decided to stay at home, the Chernobyl nuclear accident and cheap U.S. internal flights and lower petrol prices have also played a part in boosting domestic U.S. holiday trade.

The result, in Europe, has been drastic. France already looks set to lose about 30 per cent of its summer

bookings from U.S. tourists, although the full damage will only become evident next month when the main season begins.

The most damaging impact of U.S. cancellations to France is falling on the large hotels which take block bookings. Luxury chateau hotels, often run by their aristocratic owners, also face a disastrous summer. Air traffic is down, and Air France reports a 17 per cent drop in transatlantic passengers.

Until a few months ago, Italy was optimistically expecting a 20 per cent increase on last year's 3 million U.S. visitors. Official figures are not yet available, but hotels, restaurants and travel agents all report "drastic" falls. The Italian airline, Alitalia, reports 40,000 cancellations on transatlantic flights.

The European travel trade now admits that little can be done to salvage this summer's season. Initiatives like last weekend's invitation to U.S. travel agents are only likely to bear fruit next year. "We have lost out for this year, so we are putting all our efforts into saving 1987," said a spokesman for the British Incoming Tour Operators Association, (London Observer Service.)

## Tourism booms in sunny Yugoslavia

DUBROVNIK (Reuters). — Tourism is booming in sunny Yugoslavia as holidaymakers shun other parts of Europe for fear of terrorists, but shrug off the scare over radiation from the Soviet nuclear disaster at Chernobyl.

Officials say U.S. bookings plummeted after recent terror attacks in neighbouring countries. But Yugoslavians, Yugoslavia's main tour operator, says the gap has been filled by British, German, French and Canadian tourists seeking low-budget holidays in the sun.

They say the European Community ban on Yugoslav food imports after the Soviet nuclear disaster at Chernobyl triggered alarm at first, but tourists are now ignoring it.

Visitors can enjoy water sports; Balkan folklore and visits to imposing antique sites, such as medieval Dubrovnik's maritime citadel, on a holiday at this sun-soaked Adriatic

resort, the flag-carrier of Yugoslav tourism.

Despite some predictable tourist rip-offs by greedy taxi drivers, waiters and guesthouse owners, prices for rooms and meals are half those charged at Spanish or Italian resorts.

Music and dance is free in many restaurants, and a good dinner for two including fresh seafood and wine can cost as little as \$10.

The Adriatic also offers some of the clearest bathing, fishing and yachting water in the Mediterranean region.

There has been a 15 per cent rise in visitors to Yugoslavia this year so far, and in the resort of Split, near here, the number of visitors has doubled, Tourism Association chief Pera Djokovic told Reuters.

Arrivals in 1986 are expected to be six per cent up on last year's 51 million overnight stays, with foreign exchange earnings likely to rise by 11

per cent, said Miodrag Mirovic, chairman of the Federal Tourism Committee.

Djokovic was even more hopeful, saying his association expected gross income from tourism to rise to \$2 billion this year from \$1.5b. in 1985. Tourism income makes up three per cent of Yugoslavia's GNP and five per cent of its hard currency revenue.

The national airline Jat has opened new offices abroad, upgraded its fleet and expects to bring in 75,000 tourists on charters this season, a ten per cent rise on last year.

Great hopes are being pinned on the tourism industry to help repay a foreign debt of \$20b.

New laws on foreign joint ventures could also boost the industry.

Hotels in Dubrovnik were filled to 91 per cent of capacity in May, a month ahead of high season.

## Tel Aviv Stock Exchange

## MARKET STATISTICS

## Indices:

General Share Index	120.19	+0.22%
Non-Bank Index	144.50	+0.49%
Arrangement	108.44	-0.02%
Insurance	166.06	+1.27%
Commerce Services	167.31	+0.49%
Real Estate	172.33	+0.29%
Textiles	132.40	+0.58%
Tobacco	157.51	+0.49%
Metals	127.39	+0.58%
Electronics	106.68	+0.36%
Chemicals	133.00	+1.43%
Industrial Invest.	125.92	-0.42%
Investment Cos.	160.65	+0.11%
General Bond Index	107.47	+0.03%
Index-linked Bonds	109.89	+0.11%
Fully-linked	111.94	+0.27%
Partially-linked	108.54	-0.02%
Dollar-linked Bonds	100.65	-0.19%
Short-term 0-2 yrs	107.47	+0.03%
Medium-term 2-5 yrs	106.55	+0.08%
Long-term 5+ yrs	107.25	-0.06%

## Turnovers:

Shares - total	NIS 1,644,710
Arrangement	N.A.
Non-bank	N.A.
Bonds - total	NIS 7,144,200
Index-linked	N.A.
Dollar-linked	N.A.
Treasury Bills	NIS 6,286,500
Share Movements:	
Advances	182 (160)
of which 5%+	23 (20)
"buyers only"	4 (2)
Declines	94 (101)
of which 5%+	14 (10)
"sellers only"	3 (0)
Unchanged	98 (123)
Trading Halt	45 (42)
Bond Market Trends:	
Index-linked	Mixed to 0.5%
3% fully-linked	Mixed to 0.5%

4.25% fully-linked	Rises to 1%
90% linked	Mixed to 0.5%
Double-linked	Rises to 1%
Dollar-linked:	Mixed to 0.5%
Almon	Falls to 0.5%
Rimon	Mixed to 1%
Gilboa	Falls to 1%
For Curr.	Mixed to 2%
denominated	N.A.
Treasury Bills	
(monthly yield)	
Arrangement yields:	
IDB ord.	11.50
Union 0.1	10.96
Discount A	11.27
Mizrahi r.	11.48
Hapoalim r.	11.47
General A	11.28
Leumi stock	11.51
Fin. Trade 1	10.58

## SELECTED PRICE QUOTATIONS

Name	Price	Volume	%
		1000NIS	change
<b>Commercial Banks</b>			
(not part of "arrangement")			
Maritime 1	1100	4415	
General non-arr.	26400	65	-1.9
First Int'l	3735	2885	+2.8
FIBI	4330	3311	+1.9
<b>Commercial Banks</b>			
(part of "arrangement")			
IDB	83300	266	+0.1
Union 0.1	62700	72	+0.3
Discount	108650	237	-0.2
Mizrahi	34300	998	-0.2
Hapoalim	59300	1478	
General A	145300	27	+0.1
Leumi 0.1	no trading		
Fin. Trade	48650	3	+1.0
<b>Mortgage Banks</b>			
Leumi mort.	5110	232	+1.2
Dev. Mort.	1480	1287	+2.8
Mishkan r.	2622	548	+1.0
Tefahot r.	14400	86	+0.1
Menav r.	5120	447	+2.0
<b>Financial Institutions</b>			
Agrie C	no trading		
Ind. Dev. DD	no trading		
Clal Leasing 0.1	10700	333	+5.9
<b>Insurance</b>			
Ararat 0.1 r	970	246	+2.1
Hassneh r	536	28689	+0.9
Phoenix 0.1	793	680	+3.7
Haimshamir	7100	50	-1.4
Menachem 1	8400	43	+1.0
Sahar	4600	189	+4.5
Zion Hold. 1	16200	4	+1.6
<b>Trade &amp; Services</b>			
Mek Ezer	4600	60	-8.9
Superior 2	5410	315	+0.2
Delek r	6260	1505	+1.0
Lightage	15376	84	-10.5
Cold Storage	3000	441	-
Don Hotels	3885	147	+3.5
Yarden Hotel	3451	179	-6.5
Hilon 1	12699	12	+3.2
Team 1	2000	911	-
<b>Real Estate, Building and Agriculture</b>			
Azoria	650	6287	-2.4
Elion	975	5361	-2.6
Africa Isr. 0.1	34800	153	+1.3
Dankner	4380	228	-
Prop. & Bldg.	2879	1619	+1.8
Bldg. 0.1	4221	57	-1.1
ILDC	50500	88	-
Rassor r	6688	41	+8.0
Mehadrin	7100	470	-
Hadarim	1175	4365	-0.8
<b>Industrials</b>			
Dubek b	3850	1348	-2.5
Pri-Ze 1	2252	748	+2.2
Sunfrost	8240	124	-2.9
Elita	14800	22	+0.7
Adger	399	2054	+1.6
Argaman r	13185	251	+1.4
Delta G 1	4790	23	-
Maquette 1	27289	4	+3.8
Eagle 1	12850	111	-
Poigot 0.4	9108	270	+0.1
Schoellerline	14000	68	-
Rogovin	4090	94	+2.1
Urdan 0.1 r	11790	264	+0.6
Is. Can Co. 1	1230	2857	-1.2
Zion Cables	4230	430	-
Packer Steel	7450	50	-
Elbit 3 r	459000	22	+0.4

Elron	368500	13	-
Arit	29880	191	-
Clal Electronics	2420	2448	-
Speconic 1	2480	2181	-
T.A.T. 1	-4895	894	+10.0
Adkstein 1	1440	360	-
Agan 5	20600	389	-
Alliance	1782	930	+10.0
Dexter	570	13223	+2.5
Fertilizers	6287	120	-
Haifa Chem.	832	9674	+1.2
Teva r	58500	184	+0.9
Dead Sea r	15750	1517	+1.6
Petroleum	570	13223	+2.5
Neca Chem.	3680	189	-0.2
Frutaron	10800	14	+3.8
Hedera Paper	224000	54	-
Central Trade	5990	436	-
Koor P	510000	0	-
Clal Inds.	1440	5336	-0.7
<b>Investment Companies</b>			
IDB Dev. r	4140	2554	+0.5
Elion	3000	1508	-
AFK 1	no trading		
Galelet	1340	675	-6.9
Israel Corp. 1	9401	1560	-
Wolfson 1 r	105000	1.2	-1.4
Hapoalim Inv.	5325	1837	-
Leumi Invest.	4911	258	-
Discount Invest.	2800	3195	-
Clal 10	17250	16	-
Landeco 0.1	845	7806	-10.0
Pama 0.1	8900	102	-
<b>Oil Exploration</b>			
Paz Oil Expl.	14000	206	+0.7
J.O.E.L.	1625	1310	+1.9

Abbreviations: s.o. sellers only b.o. buyers only

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## FINANCIAL DATA: ISRAEL, EUROPE, U.S.

## ISRAEL MONEY MARKETS June 8, 1986

SHEKEL INTEREST RATES  
PRIME BORROWING RATE: 1.25% per month  
Unlinked Deposit (Annual Rates)

	Last Updated	Tapes	Pakam 7-Day	Pakam 30-Day
LEUMI	5.6	7-13.25%	8-13%	8-13.5%
HAPOLIM	20.5	8-14.5%	9-15%	9-14%
DISCOUNT	9.4	7-13%	6-15%	6-17%
MIZRAHI	8.5	6-13%	7-13%	7-13%
FIRST INTL.	12.3	6-13%	7-13%	7-13%



# THE JERUSALEM POST

Ari Rath  
Editor and  
Managing Director

Erwin Frenkel  
Editor

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## Waldheim's Austria

PEOPLE ELECT the leaders they deserve and yesterday's decision by some 54 per cent of the Austrian people to have Kurt Waldheim as their president is no exception. The clear-cut victory of Austria's former foreign minister and former two-term UN secretary-general in a run-off election against the Socialist candidate Kurt Steyrer is certainly a true reflection of Austria's national mood today.

The tragic irony is that in the most acrimonious election campaign in post-war Austria Waldheim maintained and even enhanced his popularity despite, or rather because, the main campaign issue was the question of his role in Hitler's Wehrmacht and allegations regarding his personal involvement in Nazi war crimes. Waldheim's victory was made possible because scores of thousands of Austrian Socialists - their majority being his war-time contemporaries - voted for the rival People's Party candidate, since, in their view, condemning Waldheim because of his Nazi past would have amounted to their own self-condemnation.

For, unlike the Federal Republic of Germany, Austria has been allowed to live for four decades with the big lie that it was the first country to fall victim to Hitler's wars of conquest. There was therefore no need to try and overcome the Nazi past, belying the fact that Austria provided some of the most notorious Nazi war criminals and that little post-war Austria had some 600,000 active members of various Nazi organizations.

Although there was never a chance to prove Waldheim's complicity in war crimes, since the various documents that could have attested to his personal involvement surfaced far too late, it has been clearly established that he had lied about his whereabouts during three crucial war years from 1942 to 1945. Claiming for years that he had spent these years in Vienna, recuperating from injuries and studying law, it has been proven beyond doubt that he had served during this time as staff officer in Yugoslavia and Greece, filing daily meticulous reports about war actions of Hitler's army, including the committing of atrocities against partisans and prisoners of war. But in their determination not to deal with the ghost of their Nazi past, the majority of the Austrians did not mind electing a proven liar as their president.

Now that the die is cast, many questions should be asked as to why conspicuous silence about Waldheim's past was observed by the Allied powers, as well as by Yugoslavia, Greece and Israel, when he was first elected UN secretary-general in December 1971 and when just before that he first ran for Austria's presidency and lost. It is significant that the Soviet Union yesterday defended Waldheim and condemned Israel and the U.S. for their share in casting doubts about his past.

But in the immediate context of his second try to reach the coveted post of a mainly ceremonial head of state the World Jewish Congress and, in part, Israel have a lot to answer for. Politics being the art of pragmatism, the WJC should have realized that, given Austria's peculiar national character, whatever evidence against Waldheim they had should have been passed on to governments and organizations which had no Jewish connections, thus making the charges more credible in the eyes of the average Austrian. The unrelenting campaign during the past few months which was waged by the WJC only helped Waldheim's supporters to revive the ghost of a world Jewish conspiracy - the classic, time-worn anti-Semitic lie.

Then, in the last stages of the election campaign, Foreign Minister Yitzhak Shamir and Justice Minister Yitzhak Moda'i joined the fray, providing more ammunition to the Waldheim camp which cried foul against foreign, and particularly Jewish, interference in Austria's internal affairs.

Waldheim did not lose much time in using Mr. Shamir's charges in support of his campaign, just when his popularity seemed to wane after the first election round. But Mr. Moda'i excelled himself even more in rushing into contradictory statements, both about Waldheim's proven guilt, as well as insufficient evidence to substantiate charges of his involvement in war crimes, up to the last moment.

In deciding what steps to take in the wake of Waldheim's election, the government ought to bear in mind that Israel was among the first to agree to put up with Austria's big lie. Jerusalem established diplomatic relations with Austria long before it agreed to have relations with Germany. Israel also never took Austria really to task for not having made any amends in restitution payments to Austria's Jewish victims of Nazi persecution.

Mr. Shamir, as Speaker of the Knesset, gave a red carpet welcome to then president of the German Bundestag, and later German president, Karl Carstens, when he visited Israel in 1978. He was also received by former prime minister Menachem Begin, despite his officially known membership in the Nazi party.

The government should therefore heed President Chaim Herzog's advice and not rush into moves which in the long run might hurt Israel's vital interests.

## SORROW

(Continued from Page One)

Jew and every Israeli." But President Chaim Herzog, speaking before the polls had closed, warned against overreaction in a way that could harm ties with Austria. He cited Austria as a major transit point for Soviet Jews on their way to Israel and a mediator in prisoner swaps with Palestinian organizations.

The directorate of Yad Vashem yesterday expressed disappointment and sorrow at the election results. "We see in this a move to dismiss the memory of the Holocaust and to deny past history. The danger of neo-Nazism and anti-Semitism in Austria is also seen on the increase," a spokesman said.

In New York, reaction among

Steinberg dismissed the contention that the WJC campaign against Waldheim helped elect him, stating, "Waldheim was never behind in the polls. Our interest in this case had nothing to do with the Austrian elections. The most important thing here was the pursuit of the truth, the need to set the historical record straight."

American Jews was predictably strong. The World Jewish Congress called him an "unrepentant Nazi." Elan Steinberg, the WJC's executive director, yesterday called on U.S. Attorney General Edwin Meese to bar the newly-elected Austrian president from entering the U.S. A State Department spokesman said, however, he would have no comment on the election.

## WALDHEIM

(Continued from Page One) Waldheim the respect due as president and he would defend the good reputation and image of Austria, whoever is president. The chancellor may have his first opportunity to defend the incoming president when he travels to the U.S. on June 23.

Although Waldheim played down the role played by the accusations against him in his election win, politicians in both contending parties agreed that they were in fact a major factor.

Michael Grass, the party's secretary-general, who was widely blamed for the anti-Semitic undertones in the campaign, said:

"The Austrian people who voted for Waldheim and expressed their

trust in him did not care to be called war criminals, because they felt that they had been compelled [as he was] to serve as decent soldiers in a bad war."

Asked whether anti-Semitism had helped Waldheim in the election, Grass said that Austrians were able to distinguish between "those people in New York" and the Austrian Jewish community.

When Waldheim assumes office on July 8, he will be the first conservative president in Austria's post-war history. Because the office of chancellor, who is the head of government, is still occupied by the Socialist Sinowatz, analysts are predicting similar cohabitation problems as currently exist in France.

# Unhealthy interference

ZALMAN SHOVAL

PRIME MINISTER PERES recently made an impassioned plea for less government interference in the economy. "The less the government interferes," he said, "the better it is for the economy. Today both Right and Left alike want to get rid of the excessive bureaucracy which gobbles up the country's resources as well as being a heavy burden on its citizens."

There are, however, few signs that the government as a whole shares the Prime Minister's views in this respect. To judge, for instance, from the evident lack of enthusiasm on the part of the Treasury regarding the implementation of those aspects of the Bejski report advocating a lessening of the government's grip on the capital market - one is bound to reach a pessimistic conclusion.

The question of the government's role in the economy is far from being a purely theoretical or ideological one - in fact, most of the economic problems we deal with today, including that of how to renew "economic growth", are connected one way or another with the question of whether the government will actually reduce its role in the financial activity of the

continuation of a price freeze, for economic growth depends on the prosperity of these branches of the national economy.

ALL THIS leads to my next point, namely that practically nothing has so far been done in order to correct the structural distortion of our economy which is at the root of most of our troubles. Even the scandalous economic mismanagement during most of the period between 1977 to 1983 could not have wreaked so much havoc had there not already been these structural deformations in the economy such as, primarily, the far too big public sector in comparison with the "narrow shoulders" of the country's businessmen.

Add to that the low level of productivity, and the unrealistically high level of taxation (which, together with high interest-rates, has brought many of Israel's firms to a state of near-ruin), the system of index-linkage (which makes a mockery of any attempt at an effective

transportation, banking, etc.) for exports (or replacing imports) with a relatively high added value in foreign currency. All other activities, important as they may be in other spheres, would just be so much economic water-reading.

One is reminded of the Jewish joke about the fish which for years had been sold by one person to another, till one of those people foolishly decided to eat it only to discover that it was completely rotten. The lesson to be learned from the story is: "This fish is for trading not eating..." But in terms of the national economy, "trading" is not enough. Not only should the fish not be consumed - it should be sold abroad, and quickly at that, before it becomes rotten...

Until the government understands that boosting economic growth is more than a catch-phrase, and that it will depend on a profound change in the country's economic structure and in the government's order of priorities in its economic policy-making process, not only will there be no real growth, but even the improvements of the last 18 months will be at risk! I have already explained how these improvements were achieved and thus it will be readily understood that any one of the following - a breach in the wage front, or a rise in oil-prices, or unexpected fluctuations in the international currency market - could cause our economy to resume its downward path.

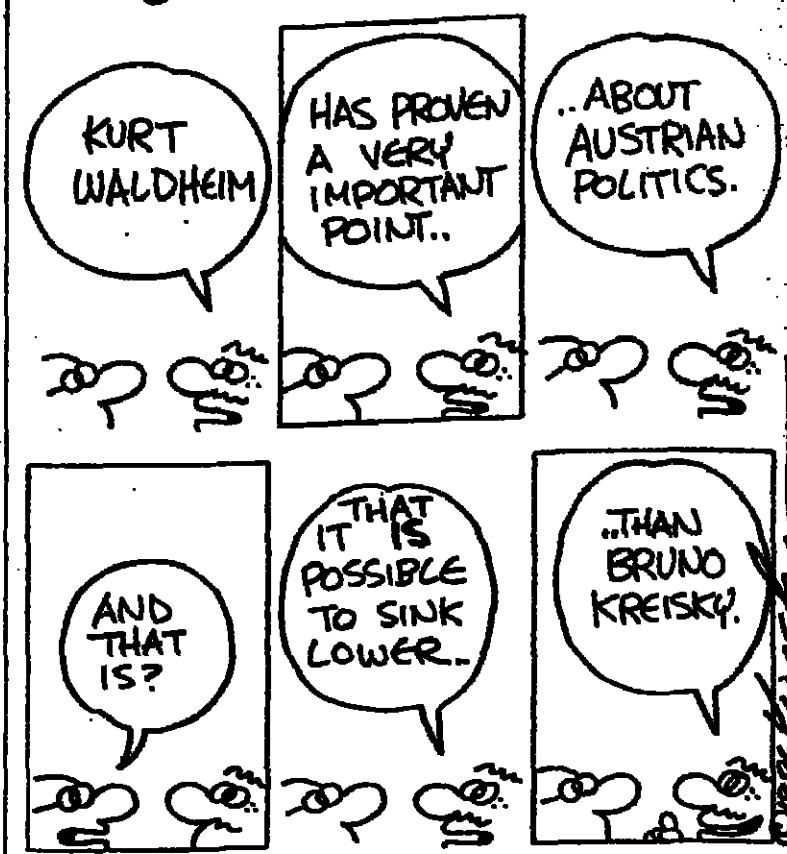
IT DIDN'T take the Bejski report to tell us that the government's exaggerated immersion in the economy - and the concomitant bureaucracy - are among the main factors causing many of our economic and social ills: but let us get the order of things right: it isn't bureaucracy which has caused the government's over-involvement in the economy but rather the other way round.

All this doesn't mean that some aspects of Israel's huge public expenditure do not derive from some very real needs (e.g. defence), but over the years, the dividing line between "real needs" and "conceived needs" - matters which though they could be dealt with more efficiently and cheaply by private enterprise, remain nevertheless under the aegis of this or that government department (i.e. housing) - has become more and more blurred.

In no other Western country has it been so easy for politicians to obtain political power through economic clout as it is in Israel. Not only most local funds (pension funds, life-insurance, savings, etc.) be channelled to the government (which then decides, after covering its own huge needs, to whom to allocate the remaining funds), but also the greater part of the moneys coming from abroad be it American aid, U.S.A. Bonds, etc. flows straight into government coffers.

The above situation has had disastrous results in more than one

## Dry Bones



respect. The web of bureaucracy thriving on the soil of "public money" is one, the "bending" of the free will of the public is another. What may be worst, however, is that the politicization and bureaucratization of the economy has often led to an attitude of indifference (by government officials and the public alike) towards economic realities, thus artificially and harmfully hampering the functioning of market forces.

In other words, instead of paying attention to economic considerations in making economic decisions very often these decisions are motivated by political or bureaucratic factors or, in some cases, by outdated social theories. (Some of the problems affecting Histadrut enterprises these days can be traced to the mistaken belief that it would always be possible to isolate their working operations from economic realities and normal business procedures.)

A further prerequisite, if we want our economy to "grow" is to make those engaged in it more productive. This requires that all those on whom growth and productivity depend (workers, managers, entrepreneurs) are justly rewarded for their effort. The desire to have some material gains is not the same as being "materialistic", just as love isn't the same thing as lust. But "love" makes the world go round" and so does the profit motive and the wish to get ahead with regard to the economy.

Indeed, "materialism" and other negative phenomena are more often than not characteristic of the kind of state-dominated, semi-free "hot-house" economics that we have in Israel. The less free an economy is, and the more there is "give-and-take" between businessmen and the government apparatus involved in

day-to-day economic decisions (plus the added factor of the high taxation incurred to cover the cost of this apparatus), some people are bound to bend the rules to try and achieve material gain in a less than forthright manner.

ALL THIS isn't to suggest that Israel should adopt a system of complete economic "laissez faire". Not only can we not ignore the political, social and military necessities which will continue to give the government a more dominant role in most walks of life than is usual in other Western democracies, but anything which smacks of dogmatism is usually harmful - especially in economic matters.

Thus, also "liberalism" or "anti-socialism" can become dogmatic - if carried too far. It would anyway be futile to try to find profound differences between modern post-Marxist social democracy and the present-day approach to liberalism. Some ideologues of the "Old Left" aside, most people have anyhow come to realize that "socialist economics" is a contradiction in terms - just as, except for a few ideologues on the "New Right", few people today will champion a system of unbridled capitalism.

In most Western countries, democratic parties - whether they belong to the "Left", "Right" or "Centre" - strive to strike a rational balance between the requirements of a free economy on the one hand and social responsibility on the other; the latter, it should be added, today regarded less from a purely welfare angle, and more from the point of view of creating new jobs and improving the general environment.

To judge by his statement about "wasteful, over-sized bureaucracy", Mr. Peres's views (perhaps not surprisingly) do not seem to be too far from the ones expressed above, but there is less certitude as to the attitude of some of his colleagues in the government, both in his own party and in populist-minded Herut. Not all seem to have grasped that there is a direct link between the over-sized public sector, "gobbling up scarce national resources" - and the under-sized business sector which needs these resources in order to grow.

The writer is a leader of the Rafi party.

## 'It didn't take the Bejski report to tell us that the government's exaggerated immersion in the economy - and the concomitant bureaucracy - are among the main factors causing many of our economic and social ills'

economy or not. The urgency of the matter arises from the fact that, in the view of this writer - and contrary to that of some government ministers - Israel has, at best, concluded only the very first stage in putting its economic house in order - complete economic recovery still lies in the far off future. Even the achievement, impressive in itself, of containing inflation is fragile and could turn out to be only of a temporary nature.

It is no secret that the government has been able to slow down the rampant inflation (and to a lesser extent, to reduce somewhat our current-account foreign exchange deficit) purely by such administrative measures as "freezing" (thus actually eroding) wages and prices, as well as the rate of exchange - helped by such extraneous factors as the fall in oil-prices, the drop in the value of the dollar (fortunately, we owe more in U.S. dollars than in other currencies) and last, but not least, emergency aid from the U.S.

However, not only has there already been in the last few months a 5-10% rise in real incomes, but it is doubtful whether political realities would permit the government to continue a policy of pay erosion for any length of time. It should also be added that the battered state of parts of the industrial and agricultural sectors cannot justify an extended con-

tinue monetary policy). The profusion of different government, Jewish Agency, municipal, etc. departments (all dealing more or less with the same subject) and yes, that all-embracing, all-encompassing super-bureaucracy to which Mr. Peres referred - and you get the picture!

Ask any shied-off potential investor about his experiences, and he will tell you that it was not the so-called "political risk", nor normal business risks, or even high taxation that had cooled his ardour to invest in Israel - but rather the scourge of bureaucracy!

NOR WILL there be "economic growth" just by waving some magic wand - or by increasing the flow of money into the economy. The availability of funds is, of course, very important, but in the past few years it has never been the absence of funds which was the main problem, but rather the way with which those funds were dealt. In other words, the government, in order to finance its budget deficits, competed with the business sector for these funds on terms which the latter could never hope to match.

Real economic growth can only come from those branches of the economy - in industry, agriculture, and "services" - which produce goods and services (e.g. tourism,

## READERS' LETTERS

### INCONGRUOUS ATTITUDES

To the Editor of The Jerusalem Post Sir - How come that nearly all the foreign embassies have withdrawn to Tel Aviv, as if by establishing themselves in Jerusalem they would officially and de jure accept Jerusalem as the capital of Israel - while at the same time, all visiting prime ministers and presidents come in their official capacity to Jerusalem and accept Israel's hospitality in that very same Jerusalem?

MIRANDA KAHAN  
Jerusalem (Rhinebeck, N.Y.)

### PUSH-UPS

To the Editor of The Jerusalem Post Sir - I refer to Abraham Rabinovich's article of May 27, "A driver's story." So Nahum at age 36 still does 25 push-ups each morning. Remarkable. Remarkable? I wonder what your reporter's criteria are. Or yours, for that matter. I (and please don't publish my name; I don't want to appear boastful) at 63, having started not so many years ago, am already doing 50 straight, trying for 60 and, if I have the leisure, as many again in relays. And I am anything but a muscle-man.

R.A.  
(Name and address supplied)

### TARNISHED HERO

To the Editor of The Jerusalem Post Sir - In one of your recent issues you published an article by Ernie Meyer concerning the Holocaust years. The end of the article is devoted to an extract from the papers of Dwight D. Eisenhower commenting on his first sight of the inside of a hut containing the bodies of some 30 dead Jews killed by starvation. There is a graphic and painful description of the evidence of cruelty and bestiality and a throw-away comment that "...George Patton would not even enter. He said he would get sick to his stomach..."

In the interests of history your readers may care to read an extract from General "Blood and Guts" Patton's own diary concerning the same incident. "...[Everyone believes] that the Displaced Person is a

human being, which he is not, and this applies particularly to the Jews who are lower than animals..." "...Either the Displaced Persons never had a sense of decency or else they lost it all during their period of internment by the Germans, my personal opinion is that no people could have sunk to the level of degradation these have reached in the short span of four years..."

It is sad to discover that a national hero's shining armour is tarnished, but this is one facet of our organization's studies of the period which we consider important when investigating the history of those terrible times.

RON SHIMRON,  
Curator,  
Jewish War Veterans,  
USA National Memorial, Inc.,  
Washington, D.C.

### SAFEST EXPERIENCE

To the Editor of The Jerusalem Post Sir - I am disturbed by the rush of travel cancellations due to fear of terrorism. Our conference of former Masada Youth of Ratom just held in Tel Aviv was a total success. Not a single cancellation from more than 70 old Zionists who came from all over the world and were warmly

greeted by colleagues living in Israel. Travelling by El Al is surely the safest experience in the air nowadays. And in Israel itself, Jerusalem is most certainly a safer city to walk around than New York or Philadelphia.

It is truly a pity that headlines in the news, not detailed data, have created the cancellation panic.

MURRAY WEINSTOCK  
Jerusalem (Philadelphia)

### LOW PRODUCTIVITY IN ISRAEL

To the Editor of The Jerusalem Post Sir - We always hear complaints about the low productivity of Israeli workers.

Could one of the reasons for this be that a worker must leave his place of work during working hours in order to:

1) Go the Kupa Holim (the family doctor is there after 4 p.m. only twice a week and sometimes not even that).

2) Clarify or take care of something in the bank, other than depositing or cashing an ordinary cheque (most of the time the person who takes care of whatever your problem is, only works in the morning).

3) Take care of something in a government office (some of them work once a week in the afternoon, but only from 2-3 p.m. - never after 4 p.m.)

4) Have a technician come to fix an Amcor, Tadiran or other appliance (wait patiently at home from 8 a.m. to 4 p.m. - the technician will come at any time during those hours).

Aren't we lucky that television and entertainment places do work after 4 p.m., otherwise workers would have to go out during working hours for their entertainment also.

ANITA ANKER  
Jerusalem.

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